

FBIS**DAILY REPORT
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LIU HONGRU ADDRESSES IMF ON THIRD WORLD NEEDS

OW180808 Beijing XINHUA in English 0723 GMT 18 Apr 85

[Text] Washington, April 17 (XINHUA) -- China urged here today the developed countries to take practical measures to eliminate protectionism, promote stable world primary commodity prices, increase the transfer of real resources to the developing countries and to alleviate their debt service burden.

Addressing the Interim Committee meeting of the International Monetary Fund (IMF) which began here today, First Deputy Governor of the People's Bank of China Liu Hongru said that there is an "urgent need for the developed countries to enhance their policy coordination and, when setting their policies, to give the fullest consideration to their implications on the world economy."

He noted that the economic recovery in the developed countries has not been accompanied by similar expansion and growth in all the developing nations.

Describing the world economic recovery as "partial, uneven and unstable," Liu said the root of the problems is the huge U.S. fiscal deficit, which he said gives rise to the high interest rates and high dollar. Besides, the uneven recovery has led to the perverse movements of international capital, aggravating the misalignment of the major currencies and increasing their instability of the world financial markets.

Referring to protectionism, he criticized the developed nations for only making verbal commitments against it. The increase in protectionism not only will hinder the future expansion of world trade but will also adversely affect the ability of the developing countries to implement their adjustment programs, to meet their debt servicing requirements, and to achieve sustainable economic growth he said.

He said the international debt problem still poses a series threat to the stability of the international financial system, adding that one cannot blame only the debtor countries and expect them to undertake unilateral adjustment while ignoring the responsibilities of commercial banks, international financial institutions and creditor countries.

As for concrete steps, he suggested that the multi-year rescheduling scheme now arranged for a few countries should be extended to cover other debtor countries and the terms of the scheme should be further relaxed. He indicated that China supports the proposal made by the Group of 24 for setting up a task force in the IMF for finding solutions of the debt problem.

Liu expressed his regret over the disagreement over the allocation of the SDRs [special drawing rights], saying a renewed allocation would serve as a needed supplement for the existing inadequate reserves within the IMF coffer.

Commentary on Third World Debt

OW161707 Beijing XINHUA in English 1634 GMT 16 Apr 85

["Commentary: Debt Crisis -- The Bomb Is Still Ticking" (by Li Changjiu and Li Zongyang) -- XINHUA headline]

[Text] Beijing, April 16 (XINHUA) -- The World Bank will hold a meeting with the Development Committee and the Interim Committee of the International Monetary Fund (IMF) in Washington from April 17 to 19, a time when developing countries are yearning for effective measures to relieve them of their crushing debts.

The urgency of the debt crisis has ebbed a little in the past two years, but the problem remains serious. A solution has to be found before there is a default, or before the economies of the debtor nations fall into complete ruin.

Debts incurred by the developing countries soared from 610 billion U.S. dollars at the end of 1980 to 895 billion by the end of 1984. The World Bank expects them to reach 970 billion by the end of the year.

According to the bank's statistics, Latin American debts have climbed to 360 billion dollars, seriously stunting the region's economic growth.

The 1984 gross domestic product of the Latin American countries stood at the 1980 level, while 33 million people were added to the population over the last four years. In some countries, per capita income declined to 10 and 20-year lows.

The debt problem is "a challenge to the times," said the president of the Inter-American Development Bank.

The economic situation in Africa continues to deteriorate because of natural disasters and foreign debts. Even Nigeria, with considerable oil export, is 20 billion dollars in debt.

The soaring foreign debts are mainly the results of external causes. Western countries keep down the prices of energy and raw materials and control import, greatly reducing the developing countries' export income. In 1969, Brazil could buy a 16-ton truck with 66 sacks of coffee, while it needed 132 sacks for the same truck in 1983. Developing countries lose 50 or 60 billion dollars annually because of Western import quotas.

World Bank data show that Western aid to developing countries fell by 21 percent from 1980 to 1983. This led to increased reliance on private banks. In 1983, Latin American debts owed to private banks accounted for 58.5 percent of the region's total debts, as against 7.4 percent in 1971.

The increase in interest rates also helped aggravate the developing countries' burden. A one-point increase in interest rate costs the debtor countries 6 billion dollars annually.

The Yugoslavian foreign minister pointed out recently that debt has become a tool for exploiting developing countries. In many cases, it is also used as means of putting pressure on debtor nations and interfering with their home economies, he said.

In recent years, some Western countries and financial institutions pressed debtor countries into extreme austerity policies that caused worsening unemployment and social instability. Yet these measures did not solve the debt problem.

More and more economists and financiers have realized that measures should be taken to facilitate the economic growth of developing countries, including expanding aid, lowering interest rates, and removing import barriers. They believe the solution to the debt problem lies in the economic growth of the developing countries.

Third World defaults will not only harm the developing countries, but will rock Western banks, even trigger a financial crisis in the West.

The Institute of International Finance -- made up of 187 banks in 37 Western countries -- has demanded that the United States and other developed countries increase loans to boost Third World growth and therefore defuse the debt bomb.

RENMIN RIBAO VIEWS U.S.-JAPAN TRADE PROBLEMS

HK181310 Beijing RENMIN RIBAO in Chinese 17 Apr 85 p 7

["Economic Notes" by Zhang Zhenya: "Washington's Difficult Problem"]

[Text] Trade relations between Japan and the United States have recently been more strained than ever before. Over the past month and more, the two sides have, time and again, sent special envoys and negotiators across the Pacific to make detailed explanations to each other with a view to resolving the contradictions between them. However, satisfactory results have not yet been achieved. The U.S. Government and public are still angry about this. The U.S. Congress has adopted the motion that the United States will take severe retaliatory measures if Japan refuses to open its market to U.S. goods with 90 days. Based on this, Japanese Prime Minister Nakasone has had to make a nationwide televised appeal, calling on the Japanese to actively buy foreign goods. At the same time, the Japanese Cabinet has shown its determination by setting up a special team to supervise the implementation of the Japanese Government's new five-point plan for further opening the market. Even so, Washington takes a firm stand that it "wants to see action instead of hearing beautiful words."

It is quite evident that the imbalance of trade between the United States and Japan is becoming more and more unfavorable to the United States. Cars are an example. Last year, more than 1.8 million Japanese cars were imported by the United States, but only 2,400 U.S. cars were imported by Japan, showing a serious imbalance. Is this because Japan has imposed drastically high tariffs and rigid quotas on the import of U.S. cars? No. On the contrary, the number of Japanese cars exported to the United States has been limited over the past 4 years as a result of Japan's so-called voluntary restrictions.

Japan and the United States are the world's biggest car producers. The serious imbalance in the flow of cars between the two countries is undoubtedly caused by the excessively high exchange rate of the dollar to the yen, so that a Japanese car is usually \$1,000 cheaper than a U.S. car of a similar make. In addition, the Japanese people's habit of low consumption and high savings and their patriotic mentality of being reluctant to buy foreign goods are important factors.

Therefore, it is rather unrealistic to hold that the present situation in Japanese-U.S. trade will change once the Japanese Government announces a few measures regarding the opening of the market.

The imbalance in trade between the United States and Japan is, in fact, a global problem, not just a problem between the two countries. The adverse balance of U.S. foreign trade last year was \$37 billion in favor of Japan and, in addition, \$20 billion in favor of Canada, \$17 billion in favor of Western Europe, \$14 billion in favor of OPEC, and \$6 billion in favor of Mexico.... For this reason, the United States will still be unable to change its subordinate position in foreign trade even if it succeeds in solving the problem of its trade deficits in favor of Japan. It is very wrong to hold that all will be well once Japan increases its imports.

Meanwhile, the closed-door inclination of the Japanese market is global. Not only the United States, but the EEC member-states and many newly emerging Asian countries as well are annoyed by their huge trade deficits in favor of Japan and by the difficulty that they have encountered in exporting their goods to Japan.

Under the conditions mentioned above, the United States has launched a trade war with Japan by rejecting the import of Japanese goods. Other countries will take this opportunity to export large quantities of their goods to the United States. The United States will then vent its anger on these countries. Moreover, this will force Japan to export to other countries the huge quantities of goods that it used to exporting to the United States. This will trigger a white-hot global trade war. It is known to all that, as a result of such competition in which one shifts one's troubles onto others, the world will face a great depression like that of the 1930's.

For this reason, although the U.S. Government and public have recently shown their anger and flagrantly applied pressure to Japan, they can hardly work out really effective measures.

UN-SPONSORED FISHERY COURSE OPENS IN WUXI

OW181659 Beijing XINHUA in English 1608 GMT 18 Apr 85

[Text] Nanjing, April 18 (XINHUA) -- A fish farming training course was opened in Wuxi today by the Wuxi fish research and training center for Asia and the Pacific.

Attending this fifth course are 41 trainees from 13 countries, including Brazil in South America.

The trainees will study theory and nearby Taihu Lake's high catches.

The center has trained 68 people since its 1981 joint inauguration by China and the U.N. Food and Agriculture Organization.

SONG JIAN PLEASED WITH SCIENCE, TECHNOLOGY TIES

OW181648 Beijing XINHUA in English 1635 GMT 18 Apr 85

[Text] Washington, April 17 (XINHUA) -- Sino-American cooperation in science and technology has become an important part of the friendly relations between the two countries and positive factor for the further development of such relations.

Song Jian, chairman of the Chinese State Science and Technology Commission, made the remarks in an interview with XINHUA here before his departure for other U.S. cities today.

Song, co-chairman of the Sino-American Joint Commission on Cooperation in Science and Technology, expressed his satisfaction with the result of the fourth session of the joint commission which ended yesterday.

He said that the two-day meeting opened up two more areas for cooperation between China and the United States by signing two protocols on fossil energy and on mapping and charting. With the 22 sectors worked out at the previous three sessions, Chinese and American scientists and technicians are working together in some projects and programs in 24 sectors.

Song said that during his stay here he saw with his own eyes how the reform in China and the government policy of opening to the outside world are welcomed and appreciated by American friends, Chinese-American scientists and educators and Taiwan scientists. Talking with them, Song continued, he found that they have a better understanding of the Chinese policy which, he believes, tallies with reality in China.

At an evening party in honor of Song held by Chinese-American scientists and educators, Song said that he was deeply impressed by their warm-hearted speeches about China's open policy. Some scientists expressed their hope to make contributions for China's modernisation.

U.S. CONSTRUCTION EQUIPMENT TRADE SURPLUS DROPS

OW180504 Beijing XINHUA in English 0334 GMT 18 Apr 85

[Text] Washington, April 17 (XINHUA) -- U.S. trade surpluses of construction machinery narrowed last year as a result of the soaring dollar, THE JOURNAL OF COMMERCE reported today.

The export value of construction machinery, a major U.S. trade staple, increased by 7 percent, from 2.39 billion dollars in 1983 to 2.57 billion dollars in 1984. But during the same period, imports jumped by 120 percent, from 641 million dollars to 1.41 billion dollars, shrinking the surplus of exports to 1.16 billion dollars from 1.75 billion dollars.

The paper attributed the decreasing surplus to the strong U.S. dollar, the sluggish economies in many areas of the world and the foreign debts of the developing nations. All this combined to depress the world market for U.S. construction machinery.

On the import side, Japan led the world by shipping 554 million dollars' worth of construction machinery to the U.S., a hike of 180 percent. Exports by Canada jumped 68 percent, Federal Germany, 60 percent, United Kingdom, 95 percent and Italy, 134 percent.

KIM IL-SONG MEETS PRC WATER RESOURCES MINISTER

OW180850 Beijing XINHUA in English 0844 GMT 18 Apr 85

[Text] Pyongyang, April 18 (XINHUA) -- Korean President Kim Il-song said here today the Uiwon and Taipingwan power plants, which are now being constructed jointly by Korea and China, will play active roles in the socialist construction of the two countries and further promote the friendship and relations between the two countries. Kim Il-song made the remark in a meeting here today with a Chinese delegation led by Minister of Water Resources and Electric Power Qian Zhengying who came to mark the 30th anniversary of Korea-China's joint exploitation of the water resources of the Yalu River.

In the 30 years since China and Korea signed an agreement and a protocol on exploitation of the Yalu River's resources on April 17 and May 7, 1955 respectively, great achievements have been made in cooperation between the two governments. The Sino-Korean water and electric company of the Yalu River, which was set up according to the agreement and protocol, has become a large-scale and effective international corporation. The power plants belonging to the company have increased from one to four. The president hopes the two countries will continue such cooperation in the future.

During the meeting, the Chinese minister conveyed to Kim Il-song the regards from Chinese leaders Hu Yaobang, Deng Xiaoping, Li Xiannian and Zhao Ziyang. Korean Vice-Premier Kong Chin-tae, Minister of Electric Power Industry Yi Chi-chan and Chinese Ambassador to Korea Zong Kewen attended the meeting.

DENG PUFANG MEETS WITH NAKASONE IN TOKYO

OW181719 Beijing XINHUA in English 1653 GMT 18 Apr 85

[Text] Tokyo, April 18 (XINHUA) -- Japanese Prime Minister Yasuhiro Nakasone this afternoon met Deng Pufang, president of the China Welfare Fund for the Handicapped, at his official residence here. Deng, son of Chinese leader Deng Xiaoping, conveyed his father's regards to Nakasone. He quoted his father as saying "The prime minister's China visit last year played an important role in promoting Sino-Japanese relations."

Nakasone thanked Deng for his father's kindness during his visit to China. He said Deng Xiaoping is an extraordinary figure and wished him good health and a long life.

"I care for the welfare of the handicapped very much," Nakasone said, promising that the government will try to improve services for handicapped people.

Kaheita Okazaki, permanent adviser to the Japan-China Association on Economy and Trade, and Chinese Ambassador Song Zhiguang also attended the meeting.

Deng and his party arrived in Japan on April 5 at the invitation of Okazaki. During their stay, they visited welfare facilities for the handicapped, professional training centers and factories in several cities. They also exchanged views on the establishment of professional training facilities for the handicapped in China with Foreign Minister Shintaro Abe, Minister of Labor Toshio Yamaguchi and Minister of Health and Welfare Hiroyuki Matsuoka. They also met with Overseas Chinese leaders and talked about the lives and employment of handicapped people in China. Deng and his party will leave for home tomorrow.

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E I

FURTHER ON HU YAOBANG'S SOUTH PACIFIC TOUR

Lange Hosts Dinner

OW181447 Beijing XINHUA in English 1431 GMT 18 Apr 85

[Text] Wellington, April 18 (XINHUA) -- Chinese Communist Party General Secretary Hu Yaobang was the guest of honor here this evening at a dinner given by New Zealand Prime Minister David Lange at his official residence.

Hu Yaobang noted during the dinner that he is the third Chinese leader to have visited New Zealand. Chinese President Li Xiannian (then vice-premier) visited the country in 1980 and Premier Zhao Ziyang came in 1984. He said Li and Zhao still have fresh memories of their visits to New Zealand. The Chinese party leader said he believed that his current visit will leave a deep impression on him as well.

Lange said he was very pleased to have a visitor like the general secretary. He expressed the belief that Hu's visit would help promote the further development of friendship between the two peoples and economic relations between the two countries.

The hosts and guests exchanged views on ways to further enhance economic cooperation between their countries, and presented gifts to each other. The dinner proceeded in a warm and cordial atmosphere.

Present at the dinner on the host side were Geoffrey Palmer, deputy prime minister; Mike Moore, minister of overseas trade and marketing; and Colin Mames Moyle, minister of agriculture. Invited to the dinner was also Hu Qili, member of the CPC Central Committee's Secretariat and other members of Hu Yaobang's entourage.

Hu Yaobang and Lange are due to meet tomorrow morning for official talks. A state luncheon for Hu Yaobang will follow.

Hu Welcomed in Wellington

OW190128 Beijing XINHUA in English 0116 GMT 19 Apr 85

[Text] Wellington, April 19 (XINHUA) -- Hu Yaobang, general secretary of the Central Committee of the Communist Party of China (CPC), was accorded a red-carpet welcome here this morning at a grand ceremony presided over by New Zealand Prime Minister David Lange.

The welcome ceremony took place in front of Parliament House in the city center. The general secretary arrived at Parliament House at 09:00 hours local time. As he alighted from his limousine, Prime Minister Lange went forward to greet him.

Present at the welcoming ceremony were also the members of the Chinese leader's entourage including Hu Qili, member of the CPC Central Committee's Secretariat.

When General Secretary Hu ascended the dais and took up his position, the guard of honor presented arms and a 19-gun salute was fired. The national flags of China and New Zealand fluttered in a strong, warm breeze. Escorted by the guard commander, Hu inspected the guard of honor.

After the ceremony, the Chinese leader was escorted by Prime Minister Lange to his office in the executive wing of Parliament buildings to start their official talks.

Hu Views Foreign Relations

OW191058 Beijing XINHUA in English 1038 GMT 19 Apr 85

[Text] Wellington, April 19 (XINHUA) -- Chinese party leader Hu Yaobang held two-hour in-depth talks with Prime Minister David Lange on issues of common interest and further development of bilateral cooperation here today.

During the talks, the general secretary told Prime Minister Lange that China pursues an independent foreign policy for world peace. In the light of the domestic situation, Hu said, China will not enter into alliance with any country or group of countries, for this is in the interests of keeping world peace and stability. He told his New Zealand host that China respects the New Zealand Government's external and domestic policies based on the specific conditions of the country.

General Secretary Hu said that China fully supports the proposal to make the South Pacific a nuclear-free zone and a peaceful and stable region. Hu said the South Pacific belongs to the people of all South Pacific countries. At no time will China interfere in the internal affairs of all countries in this region, he said. We will do anything that is in the interests of friendly cooperation among all countries in the South Pacific and will do nothing that is not in the interests of the region, he said. Proceeding from the principle of giving full consideration to friendship and cooperation among all countries in the South Pacific, we develop our relations with all countries of the South Pacific on the basis if the Five Principles of Peaceful Coexistence, he said.

During the talks, General Secretary Hu briefed Prime Minister Lange on China's fundamental stand on disarmament, Sino-American and Sino-Soviet relations and the Kampuchean issue.

In order to promote substantial progress of the disarmament talks between the U.S. and the Soviet Union, Hu said that we should rouse the people of the world to action to voice a strong demand for peace. He expressed his satisfaction with the recent steady growth of Sino-American relations. But the Taiwan issue -- a major obstacle to the development of Sino-American relations -- still exists. Failure to solve this problem would hinder the development of the relations between the two countries, he warned.

As for Sino-Soviet relations, he stressed that China is willing to improve its relations with the Soviet Union. But so far the Soviets have failed to take a single step, even a minor one, to remove the three obstacles to the development of Sino-Soviet relations. The three obstacles he mentioned are the Soviet Union's occupation of Afghanistan, aid to Vietnam in occupying Kampuchea and deployment of heavy military forces along the Sino-Soviet border and in Mongolia.

Hu pointed out that together with the ASEAN countries and the resistance forces of the Coalition Government of Democratic Kampuchea, China is determined to carry out the just struggle against Vietnamese occupation until Vietnam withdraws all its troops from Kampuchea.

After the complete withdrawal of Vietnamese troops, we will support the establishment of a peaceful, independent, neutral and non-aligned Kampuchea headed by Samdech Norodom Sihanouk, Hu said.

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Prime Minister Lange said that New Zealand supports unequivocally the preservation of the seat of Democratic Kampuchea in the United Nations and will continue to support the policy of the ASEAN countries demanding Vietnamese withdrawal of troops from Kampuchea.

General Secretary Hu and Prime Minister David Lange expressed satisfaction over their talks at which they shared identical and similar views on the international and regional problems of common concern.

On bilateral matters, Hu and Lange briefed each other on the economic situation in their respective countries and expressed a strong desire to further the economic cooperation between the two countries.

Attending the talks on the Chinese side were Hu Qili, member of the Secretariat of the Chinese Communist Party Central Committee and other members of Hu Yaobang's entourage. Attending the talks on the New Zealand' side were Minister of Overseas Trade and Marketing Mike Moore and others.

Hu Announces Troop Cut

OW190642 Beijing XINHUA in English 0629 GMT 19 Apr 85

[Text] Wellington, April 19 (XINHUA) -- China is to cut one million troops from the Army this year and the next, the visiting Chinese Communist Party leader Hu Yaobang announced at a press conference here today. He said this in answer to a question asking if China would have a military role in the South Pacific.

Hu Yaobang categorically stated that China had no intention of having any military role in the South Pacific. Moreover, he said, China would continue to cut conventional arms.

World peace and stability are fundamental to China's foreign policy, he said. China wishes to develop friendly relations and cooperation with all countries in the world on the basis of the Five Principles of Peaceful Co-existence.

China will have full capability to defend itself in spite of the intended cut in troop numbers. The cut has been planned in view of the improved political and economic situation in China, he explained.

Dealing with China's position on nuclear disarmament, Hu Yaobang said China had declared repeatedly that it is willing to participate in a representative international conference to be attended by all nuclear countries to discuss effective steps leading to a complete prohibition and eradication of all nuclear weapons "on condition that the two big nuclear powers take the initiative in nuclear disarmament."

AFP on Press Conference

HK190420 Hong Kong AFP in English 0405 GMT 19 Apr 85

[Excerpts] Wellington, April 19 (AFP) -- China is to start cutting its Armed Forces this year and the reductions will total one million men, Chinese Communist Party General Secretary Hu Yaobang said here today. Mr. Hu told a press conference on the second day of a visit to New Zealand that China had no intention of any military expansion into the Pacific.

Mr. Hu, speaking after talks with Prime Minister David Lange on a range of subjects, said China's nuclear-weapons arsenal was "small in number and could not have any role at all."

Mr. Hu repeated his statement that any visits to Chinese ports by U.S. warships would be "goodwill visits by conventionally-powered U.S. ships, and I have no more comment on that." He said the question of visits by nuclear warships was not discussed at the meeting with Mr. Lange. "China has said what it wants to say through the embassy in Canberra . . . and that's the end of the matter."

Hu on Talks with Lange

OW190340 Beijing XINHUA in English 0322 GMT 19 Apr 85

[Text] Wellington, April 19 (XINHUA) -- The visiting Chinese party leader Hu Yaobang said here today that he held in-depth talks with Prime Minister David Lange on a wide range of international issues of common interest and reached identity of views this morning.

Speaking at a press conference shortly after the talks, Hu said, he and Lange had extensive discussions on ways to further expand the friendly relations and cooperation between China and New Zealand. Both sides recognized that there were a great potential for further expansion of their cooperation and this will bring great benefits to both countries. The two sides would have another opportunity to discuss cooperation. They had agreed to widen the scope of cooperation in areas that had already been covered, he said.

Hu Yaobang, who is already half way through his 12-day South Pacific tour, said that the visit so far had gone very smoothly, thanks to the hospitality, noble friendly feelings, candid and sincere attitude of the prime ministers and Governments of New Zealand and Australia. Hu said, "I believe that the visit will leave a happy impression on me as a result of the very warm hospitality of our hosts and their good arrangements." "The relations with New Zealand and Australia will surely be raised to a higher level of friendly cooperation."

Hu on South Pacific Policy

OW190310 Beijing XINHUA in English 0258 GMT 19 Apr 85

[Text] Wellington, April 19 (XINHUA) -- China has no intention whatsoever to play any military role in the South Pacific, Hu Yaobang, general secretary of the Chinese Communist Party, stated here today.

Hu was answering questions at a press conference held shortly after his two hours' talks with New Zealand Prime Minister David Lange earlier in the morning.

The general secretary told reporters that during the talks, he emphasized China's basic position on its relations with the South Pacific nations: The South Pacific is for the countries and people of the South Pacific, and China wishes to see unity and cooperation among the countries in this region for a long time to come. China desires to expand friendship and cooperation with the South Pacific nations, Hu told Prime Minister Lange.

In reply to a question about the connection between his current five-nation South Pacific tour and China's foreign policy, Hu said China holds that all South Pacific nations and people have an important role to play in consolidating world peace and stability.

The Chinese leader will also visit Western Samoa, Fiji and Papua New Guinea.

Wellington State Luncheon

OW190712 Beijing XINHUA in English 0642 GMT 19 Apr 85

[Text] Wellington, April 19 (XINHUA) -- New Zealand Prime Minister David Lange and visiting Chinese Communist Party leader Hu Yaobang reaffirmed here today their sincere desire to further enhance the friendly relations, bilateral trade and economic cooperation between the two countries.

In a speech at a state luncheon he gave in honor of General Secretary Hu in the banquet hall of the Parliament buildings here today, Prime Minister Lange welcomed General Secretary Hu's visit to New Zealand as "an important milestone in New Zealand-China relationship" and hoped that the friendship and understanding between the two countries would be further built up and opportunities for increased cooperation explored as a result of the visit.

Since the establishment of diplomatic relations between the two countries in 1972, their bilateral relations have developed in "a very healthy way." "It has moreover been characterized at all times by friendship, trust and mutual respect."

"Politically we have similar concerns about peace and stability in the Asia-Pacific region, while in the economic area China's pursuit of its modernization program offers many avenues for cooperation, especially in agriculture and forestry," he added. He also spoke of bilateral trade as well as educational sporting and cultural exchanges which he said had played an important part in cementing relations between the two countries.

Turning to regional affairs, Lange said, in recent years China had become more interested in the South Pacific area. Hu's travel plans which have taken him to Australia and which will take him on to Western Samoa, Fiji and Papua New Guinea were evidence of that interest.

New Zealand welcomed that interest, and people there stood ready to co-operate with China in developing its links with this part of the Pacific, the prime minister stated.

The Chinese party leader said in his speech that he was greatly honored and pleased to come to New Zealand "as an emissary of the Chinese people for the purpose of promoting the friendship and cooperation between China and New Zealand." There is no conflict of fundamental interests between China and New Zealand, nor any historical grievance against each other, the Chinese party leader said, adding, "Ever since the establishment of our diplomatic relations, we have based our relations upon equality and mutual benefit."

He noted that in international affairs, New Zealand upheld peace and opposed war, thus becoming a major stabilizing factor in the Asian and Pacific region. "The Chinese people admire and sincerely wish you more new success."

The luncheon proceeded in a warm and cordial atmosphere amid the playing of classical music. When the Chinese party leader, accompanied by the Prime Minister and Mrs. Lange arrived in the banquet hall, he was given a standing ovation. Among more than 200 people attending the banquet were some foreign diplomats.

Hu on Relations With New Zealand

OW190324 Beijing XINHUA in English 0310 GMT 19 Apr 85

["China-New Zealand Relations To Bear Richer Fruits in Future, Hu Yaobang Says" -- XINHUA headline]

[Text] Wellington, April 19 (XINHUA) -- Visiting Chinese party leader Hu Yaobang expressed here today his belief that with the deepening of mutual understanding and

economic growth, the friendship and cooperation between China and New Zealand "will certainly bear more brilliant flowers and richer fruits."

Speaking at a welcoming banquet given by New Zealand Prime Minister David Lange, the Chinese party leader praised New Zealand as "a major stabilizing factor in the Asian and Pacific region," as it "upholds peace and opposes war" in international affairs. He spoke highly of the "remarkable successes" in economic construction achieved by the New Zealand people through their own "outstanding efforts." He noted the volume of trade between the two countries has increased 18-fold since they established diplomatic ties in 1972 and there has been a considerable expansion of exchanges and cooperation in other areas like culture and technology.

The general secretary underlined the fact that "China and New Zealand share many things in common" in spite of the difference in their social systems. "We both need peace and development. We both want to promote our bilateral trade and economic cooperation. We both cherish our respective independence and respect the independence of other countries as well." "As both our countries are situated in the Asian and Pacific region, we share common concern about its tranquility," Hu said.

There is no conflict of fundamental interests between China and New Zealand, nor any historical grievance against each other, the Chinese party leader said, adding, "Ever since the establishment of our diplomatic relations, we have based our relations upon equality and mutual benefit."

Hu Speaks at Victoria University

OW190802 Beijing XINHUA in English 0743 GMT 19 Apr 85

[**"Peace, Development -- Most Important Issues of World Today, Hu Says" -- XINHUA headline]**

[Text] Wellington, April 19 (XINHUA) -- Peace and development are the two most important issues in the world today, visiting Chinese Communist Party leader Hu Yaobang said here today.

Speaking at Victoria University, Hu said, "The fact that peace becomes a concern to all of us shows that peace is by no means secure and the danger of world war still exists." "Needless to say," Hu continued, "this danger does not come from countries like China or New Zealand. China is dedicated to its modernization program, which cannot be accomplished without a peaceful international environment. So we genuinely want peace and hope there will be no war in this century and, better still, no war in the next century either. Of course it would be most desirable if there will be no war forever."

On disarmament, he stated, "China has all along stood for disarmament. It is for the reduction of conventional arms, and particularly for the complete prohibition and destruction of nuclear weapons, and it has been working unremittingly to this end."

China supports the just position of the governments and peoples of the South Pacific countries against nuclear war and for the establishment of a nuclear-free zone, and welcomes the resumption of the arms control talks between the United States and the Soviet Union and sincerely hopes that substantive progress will be made in the talks, he said.

"The people of the world have become more conscious in their opposition to unjust war, and the strength to check war is increasing yearly," Hu noted.

He said that so long as all the peace-loving countries, including New Zealand and China as well as the peace-loving people of the world get united and make joint efforts, it is entirely possible to prevent the outbreak of world war and open up bright prospects for world peace.

It is an irresistible historical trend that the developing countries whose population makes up the great majority of the world's total will certainly become developed, the Chinese leader said.

He pointed out that more and more people have come to realize that the possibility of maintaining world peace rests ultimately on whether the question of development in the Third World can be properly settled. "Obviously, so long as this question remains unsettled, the world will have no peace, and the affluence of the developed countries can hardly be enduring and stable."

He predicted that the development of the poor countries will surely lead to rapid expansion of international trade and market. "This is also in the interests of the developed countries. Only when the cake of international trade becomes bigger, can every individual country have a larger slice," Hu said. "We therefore hope the question of development can be gradually settled, and settled through dialogue instead of confrontation. We highly appreciate the positive position taken by New Zealand on this question," Hu stressed. "We maintain that all countries, big or small, strong or weak, rich or poor, should be equal irrespective of their social system and ideology. In short, in developing its relations with other countries, China seeks nothing but peace, friendship, equality and mutual benefit. I wish to state here, in all seriousness that in pursuing this policy, we are sincere, open and aboveboard and honor our words with our deeds. This policy will be carried on from generation to generation," Hu declared.

Invites New Zealand Youths to PRC

OW190840 Beijing XINHUA in English 0828 GMT 19 Apr 85

[Text] Wellington, April 19 (XINHUA) -- Chinese Communist Party General Secretary Hu Yaobang today said, "Long-term and stable friendly relations and cooperation can surely be established between China and New Zealand, which will become an example of peaceful co-existence between countries having different social systems."

The Chinese leader made these remarks in a speech at Victoria University here.

Hu, on behalf of the Chinese people and youths, extended an invitation to the educational circles and friendly youth organizations in New Zealand to send 60 young friends and teachers to China for a 10-day visit during the winter vacation this year. He said, "Young people are our future. Like the rising sun, they always instill fresh vitality and new hopes to the social development process. As there is tension, turbulence and many other things that fall short of our expectations in the present-day world, young people of our time, including youths in New Zealand, have on their shoulders very important historical responsibilities for turning our world into a better place to live in." "I sincerely hope that in a forward-looking spirit you will devote your youth and vitality to the peaceful development of your country and to the noble cause of world peace and human progress, and will surpass your predecessors in achievements," he added.

"Young friends in New Zealand today can do much to enhance the friendly relations and cooperation between China and New Zealand, and the friendship and cooperation among youths of all countries in the world," he said.

Hu Suffering From 'Exhaustion'

HK190636 Hong Kong AFP in English 0631 GMT 19 Apr 85

[Text] Wellington, April 19 (AFP) -- Chinese Communist Party General Secretary Hu Yaobang has cancelled part of the programme for his visit to New Zealand because of exhaustion, New Zealand officials said here today.

The 70-year-old Chinese leaders is suffering from the strain of the hectic pace of his tour of South Pacific nations, they said. Mr Hu has decided to rest in Wellington tomorrow morning instead of leaving early to inspect displays of agricultural methods and technology at the Whatawhata Hill Country Experimental Farm near Hamilton on North Island.

However, the rest of Mr Hu's 60-strong party of government ministers and senior officials, including Deputy Foreign Minister [title as received] Hu Qili, are to visit the farm as planned. Mr Hu is to fly to Hamilton to meet up with them afterwards. He is then due to go to Auckland to inspect a forestry nursery, watch a formal Maori welcome and attend a special dinner with the New Zealand-China Society.

Mr Hu's 12-day South Pacific tour has already taken him to Australia. On Sunday morning he is due to fly to Western Samoa. From Western Samoa his itinerary takes him on to Fiji and Papua New Guinea.

PNG's Momis on Hu's Visit

OW181438 Beijing XINHUA in English 1300 GMT 18 Apr 85

[Text] Beijing, April 18 (XINHUA) -- Papua New Guinean Acting Prime Minister John Momis said in a speech on April 16 Hu Yaobang's forthcoming visit to Papua New Guinea will reaffirm the existing bonds of friendship between Papua New Guinea and China, according to reports from Port Moresby today.

The visit, which starts April 23, will provide opportunities for the exchange of ideas and for better understanding between the people of the two countries, John Momis said.

Since the establishment of diplomatic relations between Papua New Guinea and China in 1976, the friendly relations between the two countries have developed smoothly, he said, adding that the trade ties between them have recorded a sustained growth and the exchanges of personnel have also been increased. He said Papua New Guinea may be small, but is more than happy to establish relations with other countries on the basis of goodwill, friendship and mutual respect for each other's independence.

Papua New Guinea is preparing to establish diplomatic, trade and bilateral relations with other countries regardless of their ideologies, the acting prime minister said. He said although Chinese Communist Party General Secretary Hu Yaobang's visit would be for only one day, it would be a confirmation of China's genuine desire to positively expand the present relations between the two countries. The visit also confirms the Chinese desire to ensure peace and stability in the Asia-Pacific region and the rest of the world, he added.

WU XUEQIAN FETED AT PHILIPPINE BANQUET

OW181944 Beijing XINHUA in English 1933 GMT 18 Apr 85

[Text] Manila, April 18 (XINHUA) -- Chinese Foreign Minister Wu Xueqian said here this evening that he has come to deepen the friendship between the Chinese and Filipinos and get to know the achievements the Philippine people have made and learn from their experiences.

At a banquet given by Philippine Acting Foreign Minister Pacifico Castro in honor of him, Wu praised the foreign policy of the Philippines, saying "the Philippine people love peace, oppose aggression and expansion and actively enhance friendly cooperation with the ASEAN and other countries. Together with other ASEAN countries, your country had upheld justice and worked for the just and reasonable settlement of the Kampuchean question in strict observance of the relevant U.N. resolutions, thus making positive contributions to peace and stability in Southeast Asia."

Expounding the Chinese Government's foreign policy, Wu said "Like your country, we are concerned about peace and stability in the Southeast Asian region and strive to establish and develop good-neighborly relations with all the Southeast Asian countries."

"On the Kampuchean question, we support the patriotic just struggle of the Kampuchean people and stand for the withdrawal of all foreign troops from Kampuchea so that it can become an independent, peaceful, neutral and non-aligned country. We wish to see the people of the Southeast Asian countries concentrate their efforts on economic development and national construction in a peaceful and tranquil international environment so that Southeast Asia will become a stable and prosperous region," he said.

In his toast Castro traced the historical relations between the Chinese and Philippine peoples. He said the centuries-old relations have not been lost but strengthened through the past ten years. He expressed his confidence in further development of the friendly relations between the two countries.

Present on the occasion were Mrs. Imelda Marcos, Chief Justice Enrique Fernando and other government officials. Chinese Ambassador to the Philippines Chen Sionglu was also present.

Prior to the banquet, the Chinese foreign minister paid a courtesy call on former Philipine Foreign Minister Carlos Romulo.

CHEN MUHUA MEETS BURMESE TRADE MINISTER

OW181549 Beijing XINHUA in English 1454 GMT 18 Apr 85

[Text] Beijing, April 18 (XINHUA) -- State Councillor Chen Muhua said here today that China was satisfied with the development of Sino-Burmese economic relations and trade in recent years.

Speaking to a Burmese Government trade mission led by Minister U Khin Maung Gyi this morning, she said that there were still great potentials in trade and economic and technical cooperation between the two countries. She suggested that the two countries broaden the scope of their trade from traditional commodities to new items.

Vice-Premier Tian Jiyun told the Burmese minister at a meeting later today that lasting Sino-Burmese friendship would contribute greatly to peace and stability in Asia and the world. He hoped that the two countries would expand their economic relations and trade on the basis of equality and mutual benefit.

The Burmese minister briefed his Chinese hosts on the Burmese people's achievements in economic construction. With a bumper harvest this year, Burma hoped to export more to other countries, U Khin Maung Gyi said.

RENMIN RIBAO VIEWS LE DUC THO'S 'ATTACK' ON CHINA

HK190918 Beijing RENMIN RIBAO in Chinese 19 Apr 85 p 6

["Notes" by You Jun: "Whose Military Pressure?"]

[Text] Recently, Vietnamese leader Le Duc Tho attacked China, alleging that China is using its military strength to exert pressure on Western countries, limit their trade with Vietnam, and create an "invisible" blockade in the respect, and so on. Such an attack is indeed odd and ridiculous.

Owing to its aggression against Cambodia, Vietnam's economy is deteriorating. It has little to trade with other countries, but it blames China for this. According to what they say, China's military strength has exerted such "pressure" on the Western countries that the latter dare not trade with Vietnam. Has China such great ability? Will you please give an example? The fact is that because of Vietnam's aggression against Cambodia and its refusal to withdraw its troops from Cambodia in accordance with the UN resolutions, Vietnam has been denounced by countries and peoples which uphold justice throughout the world. Many countries have refused to trade with Vietnam or to provide it with economic aid. It can thus be seen that it is precisely not China but Vietnam itself that has exerted military pressure on the Western countries and prevented them from trading with Vietnam. Was Le Duc Tho not wasting his breath in attacking China?

AUSTRALIAN COMPANY OPENS BEIJING OFFICE

OW181657 Beijing XINHUA in English 1603 GMT 18 Apr 85

[Text] Beijing, April 18 (XINHUA) -- Hawker Pacific Pty. Ltd. of Australia opened a representative office at a ceremony here this evening.

Hawker Pacific Pty. Ltd., mainly engaged in aeronautical technologies, is the first Australian company to open a representative office in Beijing.

PRC, AUSTRALIA SIGN SCIENTIFIC COOPERATION PACT

OW121142 Beijing XINHUA in English 1119 GMT 12 Apr 85

[Text] Canberra, April 12 (XINHUA) -- Australia and China will encourage their scientists to give lectures and to participate in scientific symposia in each other's country according to an agreement of scientific cooperation signed here today.

It was signed between the Academia Sinica of China and the Commonwealth Scientific and Industrial Research Organization of Australia with an aim to promote scientific cooperation between the two countries. The agreement, signed according to the 1980 Sino-Australian agreement on cooperation in science and technology, said "with a view to developing further friendly relations and cooperation within their areas of competence," the two sides "will exchange personnel and information" for the work in scientific research.

Scientific information derived from cooperative activity, the agreement said, will be made available to the world's scientific community through customary channels and in accordance with the normal procedures of each country.

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SOUTHEAST ASIA & PACIFIC

CITIC'S RONG YIREN LEAVES FOR SINGAPORE

OW130358 Beijing XINHUA in English 0253 GMT 13 Apr 85

[Text] Beijing, April 13 (XINHUA) -- Rong Yiren, chairman of the Board of Directors of the China International Trust and Investment Corporation [CITIC], and his party left here this morning to pay a friendly visit to Singapore.

The purpose of his visit is to explore possibilities of economic cooperation with Singapore industrialists, so as to push ahead with the business of his cooperation in the Southeast Asia.

SINGAPORE TO BEGIN DIRECT FLIGHTS TO PRC 15 MAY

OW171246 Beijing XINHUA in English 1040 GMT 17 Apr 85

[Text] Hong Kong, April 17 (XINHUA) -- Singapore Airlines will begin direct flights to China from May 15, according to a report released by the Singapore press yesterday. All seats on the first flight has been fully booked, the report said. The new flight, named the "A310 Airbus" will shuttle 218 passengers between Singapore, Shanghai and Beijing twice a week. The sell-out marks the first time in the airline's 13-year history for a maiden voyage to be booked one month in advance, said an airline spokesman.

The flights will be managed jointly by Singapore Airlines and CAAC and profits are to be shared by the two sides. Preferential tickets will be sold to travel services in Singapore with the aim of increasing the number of tour groups entering China.

ZHANG JINGFU, HONG KONG EXECUTIVE DISCUSS TRADE

OW121540 Beijing XINHUA in English 1452 GMT 12 Apr 85

["Zhang Jingfu Meets Hong Kong Company Chairman" -- XINHUA headline]

[Text] Beijing, April 12 (XINHUA) -- Chinese State Councillor Zhang Jingfu met F.K. Hu, chairman and senior managing director of the Ryoden Electric Engineering Co. Ltd. in the great Hall of the People here this afternoon. The two discussed issues on Chinese economy and international trade.

BANK OF CHINA TOWER TO BE BUILT IN HONG KONG

OW181702 Beijing XINHUA in English 1648 GMT 18 Apr 85

[Text] Hong Kong, April 18 (XINHUA) -- A ground-breaking ceremony was held here today for the new 315-meter, 72-story- high Bank of China tower, which will be this city's highest building upon completion by 1988.

The bank is to be on a 8,300 square-meter base and will have a housing capacity of 8,000 to 10,000 people. Its cost of construction is set at 2 billion Hong Kong dollars (some 260 million U.S. dollars). The building is designed so that the size of each tier gradually increases over the preceding one, and is aimed at symbolizing the heights to which Hong Kong's booming economy has shot.

The Bank of China was founded in 1917 and has been the national bank of the People's Republic of China since 1950. It has grown three to four times in size since the end of 1984 and is now reorienting itself toward international management with more diversified and modernized systems.

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The decision to construct the new building came in 1982, before the Sino-British negotiations on Hong Kong's future had begun. People looked upon this project as symbolizing confidence in the future of Hong Kong.

The building is designed by I.M. Pei, a worldfamed Chinese American architect. His works include the reflective glass-clad John Hancock tower and the John F. Kennedy Library in Boston, and the Fragrant Hills Hotel 30 km northwest of Beijing.

The ceremony was hosted by the bank's president from Beijing, Bu Ming, chief of the local bureau of the XINHUA NEWS AGENCY, Xu Jiatun, the general manager of Bank of China's Hong Kong branch, Zhang Xueyao, and architect Pei.

HONG KONG BANK CHAIRMAN ON PRC, FUTURE

OW181343 Beijing XINHUA in English 1323 GMT 18 Apr 85

[Text] Hong Kong, April 18 (XINHUA) -- Michael G.R. Sandberg, chairman of the Hong Kong and Shanghai Banking Corporation (HKSBC), has said that the long-term role of HKSBC in Hong Kong will be determined in large measure by its assessment of the economic future of the People's Republic of China.

Writing in the latest issue of THE HONG KONG INDUSTRIAL NEWS, Sandberg said that HKSBC's activities in China were the largest of any foreign banks. It has assisted in the development of some 200 projects in the PRC, about twice as many as the nearest competitor, he said.

Hong Kong is an efficient trading post between China and the rest of the world, he said, and HKSBC's area office China is destined to be one of the fastest growing departments over the next few years.

The recent successful solution to the question of Hong Kong's future and the speedy economic emergence of the PRC, he said, augur well for a period of renewed prosperity spanning 12 years and running into the decades beyond. However, he pointed out that while it was important to keep the development and the ambitions in the China trade in perspective, the HKSBC still needed to be balanced by expansion in other parts of the globe. A department similar to the bank's area office in China will be opened in Singapore in the next few years, Sandberg said.

With the HKSBC being one of the 16 banks recently granted a banking license by the Australian Government, he said that Australia would be a natural extension of the bank's traditional stamping ground -- the fast-growing economics of the Pacific rim. Sandberg also mentioned HKSBC's developments in London and New York.

HKSBC now ranks among the 20 largest banks in the world. It earned a profit of 2.59 billion Hong Kong dollars (332 million U.S. dollars) in 1984, a four percent increase over 1983.

ZHAO ZIYANG TALKS WITH BREMEN MAYOR ON FRG TIES

OW171854 Beijing XINHUA in English 1842 GMT 18 Apr 85

[Text] Beijing, April 18 (XINHUA) -- Chinese Premier Zhao Ziyang said here today that China and Federal Germany could build long-term close cooperation on the basis of equality, mutual needs and mutual benefit. Only by combining trade with economic and technical cooperation could the two countries continue steady and lasting cooperation, he added. Zhao made these remarks at a meeting with Hans Koschnick, mayor of Bremen, and his party here this evening.

The Chinese premier expressed satisfaction with the relationship between China and Federal Germany.

He said that cooperation in political and economic affairs, trade, science and technology, culture, sports and medicine had expanded and that there was still great potential for growth.

He congratulated Koschnick on a friendship and cooperation agreement and letter of intent on trade cooperation signed between Bremen and Dalian in northeast China during Koschnick's visit there.

He expressed the hope that Bremen, as an important city in Federal Germany, would play an important role in cooperation between the two countries.

Koschnick said that he had fulfilled the purpose of his current visit to China. Bremen was willing to develop a long-term and stable relationship with China.

"We have found," he said, "that we ourselves can benefit only by improvement in our partner's situation. We are willing to cooperate wisely."

PRC, FRG TO COOPERATE ON AUDITING SERVICES

OW181553 Beijing XINHUA in English 1510 GMT 18 Apr 85

[Text] Beijing, April 18 (XINHUA) -- China and the Federal Republic of Germany will enter into cooperation in the field of auditing services.

This was disclosed at a meeting between Vice-Premier Tian Jiyun and Karl Wittrock, president of the Court of Auditor of Federal Germany, and his party here this afternoon.

They briefed each other on auditing services in the two countries and exchanged views on building ties between their auditing departments. China's chief auditor Lu Peijian was present.

Wittrock and his party arrived here on April 15 for a friendship visit at the invitation of China's Auditing Administration.

BELGIUM PRIME MINISTER LEAVES FOR ZHENGZHOU

OW181138 Beijing XINHUA in English 1113 GMT 18 Apr 85

[Text] Beijing, April 18 (XINHUA) -- Belgian Prime Minister Wilfried Martens, Madame Martens and their party left here for Zhengzhou by special plane here this afternoon in the company of Yang Taifang, minister of posts and telecommunications.

Chinese Premier Zhao Ziyang bid farewell to Prime Minister and Madame Martens at the state guest house. In a friendly talk Zhao said during their visit to other parts of China the distinguished Belgian guests would see results of China-Belgium cooperation and its bright future.

This morning the Belgian prime minister visited Beijing iron and steel complex while Madame Martens toured the scenic Xiangshan Hill.

RENNMIN RIBAO ON 'ACTIVE' BRITISH FOREIGN POLICY

HK170943 Beijing RENMIN RIBAO in Chinese 14 Apr 85 p 6

["Newsletter From Britain" by reporter Li Yunfei: "Britain's Active Foreign Affairs"]

[Text] Mrs Thatcher, the British Prime Minister, is now visiting the seven countries of Malaysia, Singapore, Brunei, Indonesia, Sri Lanka, India, and Saudi Arabia. This is the first time a British prime minister has visited Indonesia and Brunei and also the first time in 25 years one has visited Sri Lanka.

And, Geoffrey Howe, the British foreign secretary, is now visiting the three countries of GDR, Czechoslovakia, and Poland. This is the first time a British foreign secretary has visited the GDR and the first time in 20 years one has visited Czechoslovakia. In addition, in 1983, he visited Hungary, last year he visited the Soviet Union, and earlier this year he also visited Romania and Bulgaria; he will become the first British foreign secretary to have visited all the Warsaw Pact countries since World War II.

The emergence of these "firsts" should imply something. Let us also view the situation from the angle of longitude and latitude. As the prime minister goes southward and the foreign secretary goes eastward, they are visiting almost 10 countries between them at the same time, thus sketching a rather lively picture of British diplomacy.

According to reports here, Mrs Thatcher's tour is primarily aimed at promoting understanding with these countries and discussing bilateral relations as well as relevant regional and international issues with them; while Geoffrey Howe's tour lays more emphasis on East-West relations. Meanwhile, both of them have the aim of increasing Britain's economic trade with these countries. As far as the present domestic economy in Britain is concerned, this is very necessary.

Public opinion in Britain holds that the second government formed by Margaret Thatcher attaches relatively more importance to foreign affairs and wishes to make achievements, in particular breakthroughs in East-West relations. In this field, the British Government is playing an important role on the international stage in recent years.

Originally, when Mrs Thatcher first rose to power, she always adopted a tough policy toward the Soviet Union, hence her nickname the "Iron Lady." From the latter half of 1983, the British Government began to readjust their policy toward the Soviet Union, stressing that East and West should have "more dialogues" and that the European countries could play a greater role in East-West relations.

While continuing to maintain a "special relationship" with the United States, the current Margaret Thatcher government also maintains contacts with the Soviet Union and adopts a more flexible attitude than before toward the Soviet Union.

Gorbachev's visit to England at the end of last year made Mrs Thatcher the only leader in the West to have had direct contact with Gorbachev before he became CPSU general secretary. In her congratulatory telegram to Gorbachev on his becoming the CPSU general secretary, she stated that their last meeting had important significance for the solution of problems facing East-West relations.

Of course, the tendency toward maintaining contacts with the Soviet Union does not mean that Britain does not support the United States on major issues. Regarding the "star wars" plan, although Britain is for carrying out experiments, this is conditional. Regarding Gorbachev's recent proposal to freeze deployment of medium-range missiles, Britain also joined the United States in saying that it was unacceptable. As revealed by newspapers here, the tendency toward contacts between East and West European countries is still developing.

While striving for East-West relations, the British Government is also making great efforts to improve and develop its relationship with China, as well as other Third World countries. The British Government and China have solved the Hong Kong issue smoothly, thus opening a new chapter in the annals of relations between the two countries and promoting the development of friendly cooperation between the two countries.

This is not only supported by the British Government and the public but also praised by the international community. Public opinion here holds that Mrs Thatcher's Southeast Asian tour will be advantageous to improving as well as strengthening relations with these countries. In today's world, the issue of South-North relations already seems very outstanding and the call for changing the conventional international economic order is also increasingly growing. Under these circumstances, it is wise for the developed countries to pay attention to improving and developing relations with developing countries. At the banquet in honor of Mrs Thatcher, Indonesian President Suharto said that it is necessary to establish new and fairer international relationships to enable the developed countries and underdeveloped countries to work together as partners.

Because of the intense contention between the United States and the Soviet Union, countries in Western Europe wish to alleviate the tension in the world and also need to expand their room to maneuver. Judging from the rather lively activities in foreign affairs of the British Government in recent days, it seems that people can see the basic outline of a British diplomatic pattern.

LI PENG MEETS DELEGATION OF POLISH JOURNALISTS

OW131822 Beijing XINHUA in English 1658 GMT 13 Apr 85

[Text] Beijing, April 13 (XINHUA) -- Chinese Vice-Premier Li Peng met with a delegation from the POLISH PRESS AGENCY led by Janusz Roszkowski, editor-in-chief and president of the agency, in the Great Hall of the People here this afternoon.

Li Peng briefed the Polish journalists on China's rural and urban economic structural reform and answered questions they raised.

WANG JINQING PRESENTS CREDENTIALS IN WARSAW

OW180340 Beijing XINHUA in English 0203 GMT 18 Apr 85

[Text] Warsaw, April 17 (XINHUA) -- Wang Jinqing, new Chinese ambassador extraordinary and plenipotentiary to Poland, presented his credentials to President of the Polish Council of State Henryk Jablonski here this morning.

In the ensuing cordial conversation, President H. Jablonski expressed satisfaction with the development of relations in all fields between the two countries, and hoped the cooperation between the two socialist states would further develop.

Wang Jinqing expressed his confidence that the cooperation in economic and other fields between the two countries and the traditional friendship between the two peoples would be further enhanced.

Wang Jinqing arrived here on April 8, and called on Polish Foreign Minister Stefan Olszowski on April 10.

ZHANG DAKE, ENVOY TO CSSR, PRESENTS CREDENTIALS

OW181558 Beijing XINHUA in English 1450 GMT 18 Apr 85

[Text] Prague, April 18 (XINHUA) -- Zhang Dake, newly-appointed Chinese ambassador to Czechoslovakia, presented the credentials to President Gustav Husak here today.

After accepting the credentials, President Husak had a friendly talk with Ambassador Zhang. The president expressed a desire to further the relations of the two countries and held that the development of the bilateral relations is helpful to the two peoples and the cause of world peace.

Ambassador Zhang arrived here on April 9.

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P R C I N T E R N A T I O N A L A F F A I R S
MIDDLE EAST & AFRICA

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TIAN JIYUN MEETS IRANIAN BANKING DELEGATION

OW181544 Beijing XINHUA in English 1512 GMT 18 Apr 85

[Text] Beijing, April 18 (XINHUA) -- China today moved to build closer ties with Iran in the operations of their central banks.

This development came at a meeting between Vice-Premier Tian Jiyun and a delegation from the Central Bank of Iran led by Governor Nurbakhsh here this afternoon.

They exchanged views on the development of economic relations and trade between the two countries.

Earlier on April 15, Chinese State Councillor and President of the People's Bank of China Chen Muhua met and entertained the delegation after its arrival.

Both Chen and Nurbakhsh expressed the hope to expand economic and financial cooperation between China and Iran.

Iranian Ambassador to China 'Ali Khorram hosted a banquet here tonight to mark the visit. Chen Muhua and Zhao Bingde, acting president of the Bank of China, attended.

FURTHER ON VISIT BY TANZANIAN VICE PRESIDENT

Arrives in Fuzhou

OW180222 Fuzhou Fujian Provincial Service in Chinese 1130 GMT 16 Apr 85

[Excerpts] Ali Hassan Mwinyi, vice president of the United Republic of Tanzania and concurrently president of Zanzibar, and his wife arrived in Fuzhou by a special plane at noon today on a friendly visit to our province. They were accompanied by Minister of Urban and Rural Construction and Environmental Protection Rui Xingwen and his wife.

Governor Hu Ping and his wife greeted the guests at the airport. Also greeting the Tanzanian guests at the airport were You Dexin, Wen Xiushan, (Zhang Lanfang), (Tian You), and (Cheng Fuchang).

Leaves for Hong Kong

OW181122 Beijing XINHUA in English 1037 GMT 18 Apr 85

[Text] Guangzhou, April 18 (XINHUA) -- Ali Hassan Mwinyi, Tanzanian vice-president and president of Zanzibar, Mrs. Mwinyi and their party left here today for home via Hong Kong, after winding up their 7-day official visit to China.

The Tanzanian guests arrived here this morning by special plane from Xiamen, Fujian Province.

PENG CHONG AT ZIMBABWEAN ENVOY'S RECEPTION

OW181449 Beijing XINHUA in English 1317 GMT 18 Apr 85

[Text] Beijing, April 18 (XINHUA) -- G.P. Chisese, ambassador of the Republic of Zimbabwe, and his wife gave a reception here today to mark the fifth anniversary of Zimbabwe's independence day.

Present on the occasion were Peng Chong, vice-chairman of the National People's Congress Standing Committee, and leaders of the Ministry of Foreign Affairs and other departments.

CONGOLESE PARTY OF LABOR DELEGATION ARRIVES

OW181641 Beijing XINHUA in English 1604 GMT 18 Apr 85

[Text] Beijing, April 18 (XINHUA) -- Qian Liren, head of the International Liaison Department of the Chinese Communist Party Central Committee, met and feted a delegation from the higher school of the Congolese Party of Labor here this evening.

The delegation led by Jean Francois Obembe, head of the school, arrived here this morning.

NIGERIAN MINISTER'S TOUR INCLUDES STOP IN PRC

OW171552 Beijing XINHUA in English 1438 GMT 17 Apr 85

[Text] Lagos, April 17 (XINHUA) -- Nigerian Minister of External Affairs Ibrahim Gambari left here today for a tour of Asia and Oceania that will include a stay in China.

His first stop is India, where he will attend the non-aligned ministerial meeting on the Namibian issue. He will then go to Indonesia to join the 30th anniversary celebration of the Bandung Conference. His trip will also take him to Australia, New Zealand, and China.

This is the first minister of external affairs of Nigeria, which has the largest population in Africa, to visit China since the Armed Forces took power in the country at the end of 1983.

PRC, UGANDA SIGN HEALTH COOPERATION PROTOCOL

OW171126 Beijing XINHUA in English 0842 GMT 17 Apr 85

[Text] Kampala, April 16 (XINHUA) -- Uganda signed a health cooperation protocol with China today.

Under the protocol, China will send its second medical team to Uganda to work for two years.

This is the second protocol signed by the two countries on health cooperation. The first was signed in 1982 and China has sent a 15-member medical team to Uganda in April, 1983, under the first protocol.

Meanwhile, Uganda signed a contract for the construction of water supply and sewerage systems with Messrs Carl Brathers International, a Dutch firm of consulting engineers.

The Dutch firm is to provide consulting engineers for water supply projects and sewage systems in five Ugandan towns. The projects, financed by the African Development Bank, cost more than 17 million U.S. dollars, and will be constructed by Ugandan companies.

BURUNDI PRESIDENT RECEIVES NEW PRC ENVOY

OW181908 Beijing XINHUA in English 1830 GMT 18 Apr 85

[Text] Bujumbura, Burundi, April 18 (XINHUA) -- Chinese Ambassador to Burundi Shen Lianrui today presented credentials to Burundian President Jean-Baptiste Bagaza.

The president spoke highly of the friendly relations and cooperation between the two countries and said he appreciated China's efforts to promote the economic development of Burundi. He expressed the hope that relations between the two countries would further develop through new channels.

The Chinese ambassador arrived here on April 12. He met Burundian Minister of External Relations and Cooperation Laurent Nzeyimana Wednesday.

XINHUA ON LEBANON AFTER ISRAELI WITHDRAWAL

OW171052 Beijing XINHUA in English 0902 GMT 17 Apr 85

[**"Feature: Ansar Detention Camp and Al-Nabatiyah After Israeli Troop Withdrawal"** -- XINHUA headline]

[Text] Beirut, April 16 (XINHUA correspondents Guo Xiaoyong and Li Wuzhong) -- We entered the devastated town of Al-Nabatiyah, 25 kilometers from Sidon, on April 15, just four days after the last Israeli occupation troops had left.

Although the markets were thriving and many who had fled had returned to their homes, it was obvious as we walked the streets of broken walls and buildings pockmarked with shell and bullet holes that the town had suffered greatly since Israeli troops occupied it in June 1982.

Local townspeople are still haunted by fear of the Israeli observation posts perched on the eastern hills overlooking Al-Nabatiyah.

The notorious Ansar detention camp 10 kilometers southwest of the town has been bulldozed to rubble by the departing Israelis but memories of death and torture are still vivid among local inhabitants.

Only 8 percent of the town's 45,000 residents are Christian. The rest are Shiite Muslims. 80 percent of the population raise wheat or quails.

At the country government office in the center of the town, Ibrahim Fakih, the county head, recounted how Israelis and their accomplices had killed innocent people, destroyed houses, arrested people and plundered local inhabitants. In less than three years, the county head said, 500 people were killed, 2,500 were wounded or injured, thousands of others were forced to leave their homes. In the past two months alone, 200 people were killed and 1,000 people wounded or injured.

During the same period, Israelis destroyed hundreds of houses, plundered 500 automobiles and property worth 10 million Lebanese pounds (about 60 million U.S. dollars).

However, Ibrahim said, the heroic Nabatiyah people have not been intimidated by the savage act of Israelis and put up resistance. In one action last year, they killed three Israeli soldiers and wounded more than a dozen.

"Now we are faced with two major tasks," Ibrahim said, "one, we must unite all the town's residents to resist the Israelis and their followers until all our occupied land is liberated. Second, we must rebuild our devastated homeland."

The Ansar detention camp, the largest in Lebanon, was used by the Israelis to imprison 45,000 Lebanese and Palestinian resistance fighters. The 400 meter by 100 meter camp, now a tract of debris, held 1,833 detainees on a single day in March 1984, including 12-year-old children and 58-year-old men. Most of the detainees were fighters who were tortured, even to death, paralysis or deformity.

I. 19 Apr 85

P R C I N T E R N A T I O N A L A F F A I R S
W E S T E R N H E M I S P H E R E

J 1

COLOMBIAN PRESIDENT: REAGAN PEACE PLAN POSITIVE

OW181612 Beijing XINHUA in English 1559 GMT 18 Apr 85

[Text] Bogota, April 18 (XINHUA) -- Colombian President Belisario Betancur said here today U.S. President Reagan's peace proposal is positive as it can help promote dialogue between the Nicaraguan Government and the opposition groups. However, he said, "I am worried about U.S. military aid to the opposition groups."

In his letter to the U.S. President today, President Betancur expressed support for the peace plan proposed by Reagan during his visit to the United States.

Betancur pointed out, one of the Contadora Group's aims is to achieve national conciliation on this land split by internal conflicts through the decision of the Central American countries themselves.

Betancur expressed worry over Reagan's plan for military aid to Nicaraguan rebels, and reaffirmed the principles of self-determination, non-interference in other countries' internal affairs and peaceful solution of conflicts between countries.

The Contadora Group will continue to seek peace, he said. "We know that a stable peace is reached through dialogue rather force."

Reagan's plan couples a request to Congress for 14 million U.S. dollars in aid to rebels with a call for talks between the Nicaraguan Government and the rebels.

ARGENTINE FOREIGN MINISTER CONCLUDES VISIT 17 APR

OW170322 Beijing XINHUA in English 0256 GMT 17 Apr 85

[Text] Beijing, April 17 (XINHUA) -- Argentine Minister of Foreign Affairs and Worship Dante Caputo and his party wound up their three-day visit to China and left here this morning.

Seeing them off at the airport were Chinese Vice-Minister of Foreign Affairs Han Xu and Argentine Ambassador to China Hector A. Subiza.

I. 19 Apr 85

C H I N A
PRC NATIONAL AFFAIRS

K 1

EARTHQUAKE REPORTED IN YUNNAN; CASUALTIES 'SMALL'

OW191150 Beijing XINHUA in English 1141 GMT 19 Apr 85

[Text] Kunming, April 19 (XINHUA) -- An earthquake occurred about 100 kilometers north of Kunming, capital of Yunnan Province, at 13:53 hours of April 18, according to the national seismological network today.

The tremor was of 6.3 magnitude on the Richter scale. The epicenter was in an area on the border of Luquan County and Dongchuan City. Casualties so far known are small, according to the provincial Seismological Bureau. There would be no big earthquake in and round the epicenter in the near future, according to forecasts made by the provincial Seismological Bureau.

Radio Report

HK190301 Kunming Yunnan Provincial Service in Mandarin 2300 GMT 18 Apr 85

[Text] An earthquake of force 5.8 occurred at 1352 and 53 seconds yesterday [18 April], at 25 degrees north and 10.2 degrees [as heard] 51 seconds east. The epicenter was located 50 km northwest of Xundian. According to initial information, in (Cuihua), (Jiulong), and (Zhuanlong) districts and (Shayi) Township of Luquan County and Majie, (Caizu), (Dezhu), and (Jishikun) Townships of Xundian County, houses collapsed, walls cracked, and communications lines were damaged. Deaths and injuries were reported in Majie and (Jishikun) Townships in Xundian County. The extent of the damage is now being investigated. There were not many problems in the Kunming City area or the inner suburbs and these areas can carry on economic activities as usual.

After the earthquake occurred in Majie, Niujie, and (Jinyuan) districts of Xundian County, the local government immediately initiated rescue measures. A relief group headed by (Yin Xiangguang), deputy secretary of the Qujing Prefectural CPC Committee and prefec-tural commissioner, went to the disaster area in the evening to organize rescue work.

COMMENTATOR ON IMPORTANCE OF ASSESSING SITUATION

HK181536 Beijing LIAOWANG in Chinese No 14, 8 Apr 85 p 4

[Commentator's article: "Correctly Assess the Situation"]

[Text] Situation assessments are an important way to obtain knowledge. Correct situation assessments lead to correct strategic decisions and actions, with which difficulties can be overcome, events pushed toward the expected outcome, and successes continuously scored. Erroneous assessments or some deviation in the assessment of a situation leads to erroneous strategic decisions and actions, and will make our cause suffer setbacks and the people suffer losses. Over the past 3 decades and more, the experiences and lessons in our economic work have been keenly felt in this regard. Therefore, leading organs and cadres at all levels must base their actions and strategic decisions on correct situation assessments.

Correct situation assessments come from thorough investigations and precise analyses of actual conditions. Since the 3d Plenary Session of the 11th CPC Central Committee, the CPC Central Committee has studied China's actual conditions, corrected the erroneous "leftist" strategic decisions of the past, and effected changes in strategic decisions which conform with China's actual conditions.

Thus, a new situation of vigorous development in all fields, including politics, culture, and science, has appeared in China. In recent years, the CPC Central Committee, again based on China's actual conditions, has proposed a step-by-step reform of the rural and urban economic structure, building socialism with Chinese characteristics, and the magnificent goal of quadrupling the gross industrial and agricultural output value by the year 2000. Under the guidance of a series of correct principles and policies formulated by the central authorities, an unprecedented excellent situation and trend have appeared in China in recent years. The signs of this excellent situation are stability and unity in politics, a new situation of steady, stable, and harmonious development in the economy, and thriving science and culture. The tremendous changes in the urban and rural areas in China have been witnessed by people all over the world.

Do all our comrades have a correct and appropriate assessment of the present situation? The answer is no. There are still some one-sided views in the minds of some comrades. These can be seen by the following two situations.

First, owing to the good situation, some comrades have become dizzy with success. To be swept away by success has almost become a stubborn disease in some of our comrades. Just as life is beginning to get a little better, they have allowed their imagination to run wild and have taken some impractical actions. They have generally exaggerated the excellent situation but neglected the fact that there are still difficulties before us. Disregarding the objective conditions and the feasibility of their plans, they want to "gain weight with one meal." The result often runs counter to their desire, and they end up incurring losses in their work and dampening the enthusiasm of the masses. We should always bear in mind that despite the fact that China has increased its production by a comparatively large margin, generally speaking, China will remain a poor country for a considerably long period of time. It is not rich either in finances or materials. Even by the year 2000, when it will have fulfilled the goal of quadrupling, China will still only be at a "comparatively well-off level." This indicates that we must start from this actual condition in thinking and handling our affairs, and our actions must be based on reality in order to ensure the healthy advance of our cause.

Second, some comrades always panic upon the emergence of difficulties. This is another type of one-sidedness. People with this mentality generally exaggerate difficulties but neglect the favorable factors. They fail to differentiate between the major and minor aspects of things, they fail to tell the essence from the appearance of things, and they even waver and say depressing things. Ours is such a large country, if we start collecting data on our mistakes and our negative side, we will not be the least surprised to learn that these incidences easily outnumber 1,000 cases! What is definite is that our economy has developed, our national strength has been consolidated, and the people's living standards have improved. This is the most fundamental aspect of the situation and a fact which has been acknowledged by the whole world. Some partial and local difficulties will not change the situation of the whole and the general trend of events. In this we must have good faith. The correct attitude should be to analyze the difficulties and overcome them."

In short, it is imperative to persist in the attitude of seeking truth from facts in order to have a correct understanding of the situation. On the one hand, we should not lose our head at a time of smooth sailing; on the other hand, we should not recoil in fear because of some difficulties. Only when we keep a clear head and "judge the hour and size up the situation," will it be possible for us to consolidate and develop the emerging good trend.

The reform we are now engaged in is a profound revolution. Without reform, there is no hope for China. Therefore, we must be resolute in reform. Since reform is a revolution and there is no precedent for us to go by, experiments and practice are necessarily involved. We must be meticulous and resolute in our work, an idea which has become a motto for the reformists of today. We must watch every step in our advance. Let us draw an analogy: crossing a river on thin ice. We stretch our second leg forward only when we are sure the first is on firm ice, and we will withdraw the leg if we find the ice not firm enough. If our first step is sure but we are careless in the second, we might yet fall into the river. But if we have withdrawn because of unsteady steps and recoiled from another attempt, reform will be given up half way.

We can put it this way: The first step of China's reform was steady. Development by leaps and bounds has appeared in China's rural areas. The second step of China's reform -- urban reform -- is on the verge of taking the initial step. This step is very hopeful. The indications of the State Statistical Bureau's communique on the 1984 national economy and social development are that the situation is excellent; the reform of science and education is taking off.... The path for building socialism with Chinese characteristics comes into being exactly in this way.

The situation is excellent, and we should maintain a sober mind. Our steps should be steady and resolute. Only then will China's affairs be very hopeful.

COMMENTATOR ON ACTIVELY CARRYING OUT ORDERS

HK180955 Beijing GUANGMING RIBAO in Chinese 8 Apr 85 p 1

[Commentator's article: "We Must 'Carry Out Orders' But Should Not 'Idly Sit Waiting for Orders'"]

[Text] In order to put an end to the new unhealthy practices that have emerged in the economic structural reform, the CPC Central Committee and the State Council have reiterated the discipline of "doing anything that we are ordered to do and refraining from doing anything that is forbidden," a discipline that our party has always advocated. It has also stressed that we must unify our thoughts and actions concerning our principles, policies, and major steps. These are undoubtedly imperative measures that we must resolutely implement in order to put an end to the current erroneous practice of "the lower levels take countermeasures against the policies formulated by the upper levels."

However, as there are relatively great differences among various areas in China and as the development of these areas is uneven, it is impossible for the central authorities to make concrete regulations on the reform activities of all areas and departments. This requires the vast number of cadres to emancipate their minds, seek truth from facts, proceed from the reality of their areas and departments, and both conscientiously and creatively implement the CPC Central Committee's decision on the reform of the economic structure. When they encounter any conventions and regulations that hinder the development of the productive forces, they should dare to carry out and be good at carrying out reforms in a conscientious and conscious manner in accordance with the spirit of the "decision." If they merely mechanically act in accordance with the instructions of the central authorities and thus perform the functions of a "reception office," if they all wait for concrete regulations issued by the central authorities before doing anything, if they only act when there is an order and idly sit waiting for orders when no orders are issued to them, or if they do not make a move until they are ordered to do so in their work, they are undoubtedly acting in an erroneous way and we can even say that this is a case of hindering implementation of the principles and policies of the central authorities.

Under the new situation of reform, this overcautious attitude to passively wait and see is undesirable.

In the phrase "do what we are ordered to do and refrain from doing what is forbidden" what we are to do is to take unified steps in implementing the party's principles and policies, the state laws and decrees, and in handling major problems, and what is forbidden is the unhealthy practice of violating discipline, policies, or law. This by no means signifies that we forbid giving play to or stifling the reform enthusiasm and creativeness of the vast number of cadres and masses. Our reform is a great undertaking that was never tried by our predecessors. A reform means blazing new trails, therefore, we should encourage and support the vast number of cadres and masses to probe bravely into new problems and create a new situation. Facts have shown that we will not be able to do our work well if we do not pay attention to the conditions of our work and are only allowed to act under the restrictions of a fixed frame. A reform is a revolution and inevitably many new situations and problems that we are unfamiliar with and that we cannot foresee will emerge. As for the process of reform, it is impossible for the central authorities to be the first to present concrete methods for everything in the process. The contrary is precisely the case. The methods for many things are developed by the lower level who first work out the methods on their own in light of the general guiding thoughts and basic spirit of the central authorities and then their methods are summed up and popularized by the central authorities. For example, the contract responsibility system with remuneration linked to output which has been successfully implemented in our rural areas is precisely a method created by the vast number of rural basic-level cadres and the masses in their practice in light of the spirit of the 3d Plenary Session of the 11th CPC Central Committee. This is of particularly deep and enlightening significance for the reform in the entire economic structure.

Of course, by advocating the view that we should not "idly sit waiting for orders," we do not mean that we can pay no attention to observing party discipline and the decrees of the state, or that we can take advantage of reform to recklessly conduct unhealthy practices. Our party discipline is an iron discipline and the policies and decrees of the state are solemn. No one is allowed to violate our law. We must be sure that the orders are carried out and that what is forbidden is stopped. However, at the same time we should manage to give full play to the initiative of our various departments and units. Perhaps, some comrades will think it is very difficult to do this to the appropriate extent. In fact, as long as one proceeds from the interests of the state and the people, as long as one does not pursue his personal interests or the interests of a small group of people, and as long as one acts in accordance with the unified arrangements of the central authorities, carefully exercises one's leadership and does a good job of ideological and political work, it is entirely possible to unite these two tasks. Even if one commits some ordinary mistakes, one can quickly correct them and the people will make allowances for him. On the contrary, if one does not explore new ideas, and adopts a passive and indifferent attitude toward the reform, one will be cast aside by the people.

ARTICLE ON STATE-RUN COMMERCE, MARKET MECHANISM

HK181155 Beijing RENMIN RIBAO in Chinese 12 Apr 85 p 5

[Article by Gao Dichen: "State-Run Commerce Should Take an Active Part in Regulation by Market Mechanism"]

[Text] Over the years there has been a firm concept in the work of our state-run commerce, that is, state-run commerce manages the market in a unified way, engages in "planned" circulation, and has nothing to do with regulation by market mechanism, which is the business of collective and individual commerce.

Fettered by this concept, quite a few workers in state-run commerce often exclaim that the situation has developed too rapidly and that it is difficult to do business and they are at a loss as to what to do to expand operations and guide the market.

Practical economic life has repeatedly shown that we must promote the development of the socialist economy and the four modernizations program with the commodity economy that objectively exists. Under this condition, in order to bring into play its proper role in the circulation of commodities as a whole, state-run commerce should take an active part in the economic activities regulated by market mechanism. This is an objective demand set on state-run commerce by the new economic situation, the new market patterns, and the new system of commodity circulation channels.

First, active participation in regulation by market mechanism is an objective demand set by the new patterns of commodity circulation on state-run commerce to fulfill its basic function, that is, meeting the consumption needs of the people. Constantly meeting the consumption needs of the broad masses of people in their daily lives is the objective of socialist production and also the bounden duty of socialist commerce. In the past, due to the long-standing phenomena of supply falling short of demand, we had to adopt some measures, such as state monopoly for purchase and marketing and the fixing of state purchasing quotas, in order to guarantee the basic consumption needs of the urban and rural population. In the course of practice, however, there were also many negative consequences: Excessive and rigid state control has failed to facilitate the flow of goods and to invigorate the urban and rural economy and has hampered the normal development of the socialist economy. It has aggravated the situation of supply falling short of demand. It has isolated producers from consumer needs, thus effecting the transmission of market information, delaying the renovation of products, and resulting in poor product quality, a limited variety of designs, colors, and specifications, and failure to meet the ever changing consumer needs. It has also brought about a situation of monopoly, which is detrimental to the circulation of commodities, and encouraged the idea of state monopoly in commercial operations and bureaucracy in commercial dealings. Our basic point of departure in reforming the commercial circulation structure is to correct these defects in order to invigorate the economy, to facilitate the flow of goods, and to meet the consumer needs more satisfactorily. Now, a new pattern of circulation through numerous channels and the joint efforts of the state, the collective, and the individual has initially taken shape and the practice of state monopoly for purchase and marketing is being gradually reduced and eventually abolished. In this new situation, in order to satisfactorily fulfill its function of constantly satisfying the consumer needs, state-run commerce should organize its manpower and resources in a scientific way, penetratingly understand and accurately grasp people's needs and changes in commodity supply and demand, and concentrate its forces on the purchase and sale of commodities needed by the people in their daily lives are still supplied by state-run commerce. If state-run commerce fails to change its traditional operational methods and to take an active part in regulation by market mechanism in light of the new situation characterized by numerous economic forms and circulation by numerous channels, it will not only reduce its scope of operations but also seriously hamper its efforts in meeting the consumer needs. In short, participation in regulation by the market mechanism and constant satisfaction of the people's new and ever changing consumption needs at a higher level have posed new problems before us in the new situation. Therefore, commercial workers who have both pioneering spirit and the will to carry out innovation have ample scope to display their abilities.

Second, active participation in regulation by market mechanism by state-run commerce is an objective demand for constantly strengthening planning in light of the development of the commodity economy. The socialist economy is a planned commodity economy based on the system of public ownership. An outstanding feature of the commodity economy is the organization of social production through exchange. Under the form of the commodity economy, the operation of the social economy as a whole is related to and promoted by exchange -- or circulation -- which serves as a link. In the past, implementation of our commodity circulation plans was ensured by relying chiefly on such administrative means as state monopoly for purchase and marketing and the fixing of state purchasing quotas, but this is no longer suited to the objective needs for invigorating the economy and stimulating the four modernizations cause. Under the new conditions where state-run commercial enterprises, collectives, and individuals engage in trade and where there are numerous channels of circulation, a large quantity of commodities are circulated in the forms of guidance planning and regulation by the market mechanism on the basis of grasping and applying the laws of value, of supply and demand, and of competition. In order to give scope to its leading role in the domestic market, state-run commerce should, in addition to fulfilling the minor task of mandatory planning, take an active part in regulation by market mechanism. That is to say, it should affect and promote other commercial forms and guide and control overall circulation of commodities according to the development of production and of consumption needs and the supply of commodities and through independent and free buying and selling activities. In other words, participation in regulation by market mechanism by state-run commerce is not only a necessary form of guiding the market and bringing into play its leading role in the circulation of commodities as a whole but also an important means of fulfilling guidance planning in the course of organizing the circulation of commodities.

Third, participation in regulation by market mechanism is an objective demand of market competition. Competition is an inevitable phenomenon of the commodity economy. As an intrinsic force in the development of the commodity economy, competition stimulates the development of commodity production and the expansion of commodity circulation. The previous practice and methods of state monopoly for purchase and marketing have stifled the positive role of commodity competition so that those dealing in commodities (commercial enterprises) have been devoid of external pressures. This has encouraged bureaucracy in commercial dealings, hampered the flow of goods, and affected the development of production. Now, by circulating commodities through numerous channels we can expand the scope of commodities under free buying and selling and increase the competitiveness of commodities.

Participation in regulation by the market mechanism by state-run commerce is a principal form of its participation in market competition. If state-run commerce, which serves as a main force in the circulation of commodities in the domestic market, does not take an active part in regulation by the market mechanism but only deals in commodities under mandatory planning, this means that it voluntarily gives up its role as a motive force in competition and willingly becomes a backward element in the market.

Fourth, participation in regulation by market mechanism is necessary for expanding operation and attaining better economic results. All leaders of commercial enterprises perfectly understand that expanding operations is the basis for reducing various circulation expenses and is a fundamental means of improving the economic results of commercial enterprises. The method of increasing profits by raising selling prices not only is incompatible with the nature of socialist commerce but also, from a long-term point of view, hampers the expansion of operations.

In the new market situation, state-run commerce should give scope to its various advantages, such as possessing abundant funds, ample manpower, and commercial networks in urban and rural areas, expand its operations by participating in regulation by the market mechanism, increase the purchase and sales of commodities by expanding the scope of its operations and improving the quality of its service, and improve its economic results by increasing the sales volume and by applying the method of small profits but quick turnover.

Lastly, participation in regulation by the market mechanism is necessary for invigorating the market and preventing great fluctuations in commodity prices. Relative stability of commodity prices is an important condition to enable people to enjoy a stable and orderly economic life and to ensure the normal operation of the socialist economy. Under the conditions whereby most commodity production and circulation should be regulated by the application of the law of value, the fluctuation of commodity prices on the market is an inevitable economic phenomenon.

This fluctuation of commodity prices should be beneficial to the development of production and the expansion of circulation, help to regulate the contradiction between supply and demand and to meet people's consumption needs and not bring about great fluctuations in commodity prices, hamper the development of production, or adversely affect the normal life of the people. In order to attain this objective, in addition to other political and economic measures, it is also necessary for state-run commerce to take an active part in regulation by the market mechanism and, by carrying out bulk buying and selling activities, invigorate the market, and stabilize commodity prices in the course of competition. State-run commercial enterprises should take the lead in strictly implementing the state's policy on prices for it is an important condition for preventing arbitrary price hikes.

CHENG ZHIPING DISCUSSES PRICE CONTROL FOR 1985

OW151114 Beijing XINHUA Domestic Service in Chinese 1208 GMT 12 Apr 85

[Text] Beijing, 12 Apr (XINHUA) -- The General Office of the State Council held a news conference today on the issue of price reform for 1985. Cheng Zhiping, director of the State Administration of Commodity Prices, spoke to a XINHUA reporter about this.

Cheng Zhiping said: The party Central Committee and the State Council have decided to basically straighten out the price system over the next 5 years beginning this year. Nineteen eighty-five is the first year of price reform. Doing a good job this year will greatly affect the smooth development of reform in the future. The basic guideline of the price reform for 1985 is to link the flexible price system with price readjustments and forge ahead in small steps; that means, to combine the practice of adopting a flexible price system with the practice of readjusting prices, and to march forward steadily and in small steps. There are three measures for the price reform: to allow market forces to determine the price of live pigs and pork, adjust the purchase and sales prices of grains in rural areas, and raise the fees for short-haul railway passenger and freight traffic.

The first measure is to allow market forces to determine the price of live pigs and pork. In recent years agricultural production has developed rapidly with large increases in grain production. However, the number of live pigs has failed to increase and keep pace with the people's needs in raising their living standards.

In order to help people change their diet from grain consumption to meat consumption and to develop the production of live pigs, it is necessary to reform the policy of buying the state's quota for live hogs from producers, to purchase live pigs on a contractual basis and from the market, to abolish the practice of the state fixing the prices for the purchase of pigs and the sale of pork -- a practice that is no longer compatible with the current situation, and to give guidance to the practice of negotiating prices based on supply and demand in the market. The state will give subsidies to urban residents to compensate for their increased living expenses due to meat price increases. State food corporations must have a comfortable stock of pork, and must buy and sell pork according to the situation between supply and demand in the market and the state policy in order to level out prices and protect the interests of producers and consumers. As for when this reform will take place this year, this may be determined by various provinces, autonomous regions, and municipalities directly under the administration of the central government based on their own specific conditions. Various localities may allow the prices of fresh and live non-staple food to float in a planned manner, step by step, on a merit basis and according to the actual conditions in one's own locality. It is essential to make use of this reform to develop the production of non-staple food, increase its varieties, improve its quality, ensure ample supply, and make things convenient for the people.

The second measure is to adjust the purchase and sale price of grains in rural areas. In order to readjust the setup of production in agriculture, further enliven rural economy, and change the unreasonable situation in which the selling price of grain is lower than the purchase prices in rural areas, state monopoly purchase of grains will be abolished and a system of contract purchases will be introduced this year. The purchasing prices for paddy rice, wheat, and millet under the system of contract purchases will be fixed on the basis of the "reversed ratio of 30 percent and 70 percent"; that is, 30 percent of the purchasing price is based on the original state monopoly purchasing price and 70 percent of the price is based on the price for grains produced in excess of the quota. While not exceeding the total amount of grain purchases set by the state and the prices determined by the "reserved ratio of 30 percent and 70 percent," various provinces, autonomous regions, and municipalities under the direct administration of the central government may adequately readjust the price increases for specific varieties of grain crops according to actual conditions in a locality. Grain crops produced in excess of the contract quota will be allowed to be traded freely on the open market. If the market price drops below the original state purchasing price and peasants want to continue to sell the grain crops to the state, the state will buy all the grain at the original state purchasing price in order to protect the interests of the peasants. The state selling prices of grains to the rural areas must be adequately readjusted. The schedule and specific measures for the implementation of this reform will be arranged by the various provinces, autonomous regions, and municipalities under the direct administration of the central government according to the unified plan laid down by the State Council. The state will not raise the price of grain sold to nonfarmers in urban areas and the price of grain sold to vegetable farmers in areas where vegetable prices are still controlled. With the grain coupons issued by the state and various localities, people in rural and urban areas may still purchase grain at the original price. Such prices will not be increased.

The third measure is to adequately raise the fees for short-haul railway passenger and freight traffic. It is aimed at diverting short-haul railway transport to highways and waterways in order to ease the pressure on railway transportation. The prices for long-distance freight and passengers will remain as they are. Charges for highway freight and passenger transport may be adequately lowered where conditions permit.

The first two price reform items are already in effect in most parts of the country, while the third is expected to be put into effect in the first half of this year, Cheng Zhiping said.

In addition, the widening of price differences between good- and poor-quality commodities was already in effect in the first half of the year and will be continuously carried out during the second half. Some industrial production items which the enterprises are authorized to put on sale by themselves will have their prices fixed by the enterprises and regulated by market mechanism. Differences in coal prices owing to different quality and different areas of production will be properly adjusted, but the prices for coal for urban residents' cooking purposes will not be increased. Prices for some Western and traditional Chinese herbal medicines will be increased or decreased, but the average price for medicines will not increase.

Cheng Zhiping said: These reform measures, taken or to be taken this year, are the main, effective, and appropriate steps toward streamlining the production, transport, and commodity structures. They are conducive to establishing a sound and reasonable pricing system and will meet the urgent needs for production development. They conform with the people's fundamental interests. Leading comrades at the State Council pointed out that the price reform measures for this year must follow a clearcut, main orientation and be carried out in accordance with the unified arrangements made by the State Council. No one is allowed to go his own way or interfere in the unified arrangements, still less to hike prices or to hike them in disguised forms. This is a disciplinary code. In some localities there have been rumors that food grain and edible oil prices for urban residents and prices for grain earmarked for the catering and subsidiary food processing services will be increased along with sugar and kerosene prices. This is groundless hearsay. Some people have predicted that in the wake of allowing market forces to determine the price of live pigs and pork, soap prices will go up because of the increased price for lard. They also said that products made from hog skins would also go up. This is also groundless hearsay. On the contrary, the sales prices for soap and hog skin products will not be increased because the state will authorize tax deductions and subsidies for the enterprises turning out these products. Market forces and changes in the relations between supply and demand will determine the sales prices of commodities in the markets, including small articles whose producers now have greater decision-making powers. Prices for some commodities will go up while those for other merchandise items will go down. This is helpful for promoting production and satisfying the people's demands and needs.

Cheng Zhiping continued: After taking measures to allow market forces to determine the price of live pigs, pork, and other fresh subsidiary food items in the urban areas, their prices will go up, but will become stabilized and reasonable after a certain period when production increases and circulation is speeded up. Our price reform will take an important step forward this year. The general level of retail prices will increase by a certain margin in the country's urban centers. To deal with this situation, the state will take a series of effective measures to strictly control the margin of increases in the meat prices and their chain reaction to related merchandise items in an effort to strictly bridle the general level of commodities in the markets. For instance, the state has decided to allocate food grain in scores of billions of jin to peasants as payment for the purchase of live pigs from them according to the original unified purchase prices. The pig-raising peasants can use the grain allocated to them as pig feed. In this way, pork price increases will be under control to a certain extent. At the same time, urban residents will be receiving appropriate subsidies to offset their extra spending due to increased pork prices. This will also help reduce the impact of price changes on the residents.

Banks interest for time deposits has already been adequately raised as of 1 April this year. The wage system will be reformed. Wages and income of cadres and workers and staff members will be increased. Therefore, the actual income of the overwhelming majority of urban residents will not be lowered because of the price reform. It will actually be raised following the development in production. The state will also adopt measures to control unbridled consumer spending, regulate investments on fixed assets and bank loans, curtail administrative expenses and group purchasing power, increase the production and supply of commodities that are in short supply, and resolutely place the issuance of currency under strict control in order to maintain a basic balance between accumulation and consumption and between supply and demand. In short, our state has the power and ability to control market prices. Various localities and units must carry out their work well in publicizing and explaining state policy, must help people relieve their worries and anxiety about price reform, and must guard against the tendency of hoarding commodities. At the same time, they must also make arrangements to ensure ample supplies of commodities to the market in order to protect the interests of the state and the masses.

In conclusion, Cheng Zhiping emphatically pointed out: To maintain the basic stability of commodity prices is a policy of the party and the state and the joint responsibility of various areas, departments, and undertakings. Some units and individuals have showed no consideration for the general interest and flouted law and discipline. They have made use of reform to reap illicit profits for their own area, their unit or themselves. They have indiscriminately increased prices or increased prices in disguised forms, sold means of production and consumer goods that are in short supply to gain exorbitant profits, sought private gain at the expense of the state, and harmed consumers to benefit themselves. All the new unhealthy tendencies and actions in violation of party discipline and state laws have corroded cadres and the general mood of society. They have seriously interfered with economic restructuring and the development of the four modernizations program. We must resolutely deal with such tendencies. The people's governments and departments at various levels must vigorously strengthen their control over prices and the market and strictly enforce discipline on commodity prices according to the "circular on strengthening control, supervision, and checkups over commodity prices" issued recently by the State Council and the relevant regulations, while they implement the open-door policy, enliven the economy, and carry out reforms. In dealing with units and individuals that raise prices at will, increase prices in disguised forms, drive up prices, and make unreasonable charges, and those who willfully foster and spread rumors on price increases and disrupt the market, we must economically punish the leaders concerned and those who have violated discipline. Disciplinary actions must be taken against those who are involved in serious cases. Those who have violated the law must be punished according to the law. It is hoped that the masses of cadres and people would actively participate in conducting supervision and checkups over the commodity prices; help the various departments, enterprises, and undertakings to strictly enforce the state policy on commodity prices so as to protect the interests of the state and the people; develop the favorable situation of stability and unity; and ensure the smooth development of economic restructuring and the socialist modernization program.

NPC, CPPCC MEETING ON HANDLING OF SUGGESTIONS

OW120001 Beijing XINHUA Domestic Service in Chinese 1150 GMT 10 Apr 85

[By reporter Qu Zhihong]

[Excerpts] Beijing, 10 Apr (XINHUA) -- The General Offices of the NPC Standing Committee, the CPPCC National Committee, and the State Council held a joint meeting this morning.

They seriously discussed and made arrangements for the prompt handling of suggestions, criticisms, and opinions presented by deputies attending the Third Session of the Sixth NPC and of proposals put forward by members attending the Third Session of the Sixth CPPCC National Committee.

The General Offices of the NPC Standing Committee and the CPPCC National Committee called on all units concerned to reply directly to NPC deputies and CPPCC National Committee members before 30 September on the handling of their suggestions, criticisms, opinions, or proposals. As for suggestion, criticisms, opinions, and proposals involving complicated problems which are really difficult to solve for the time being, they should also explain the situation in detail to NPC deputies and members of the CPPCC National Committee.

Ding Guangen, deputy secretary general of the NPC Standing Committee, and Cheng Siyuan, deputy secretary general of the CPPCC National Committee, spoke at the meeting.

In his speech, Ding Guangen said: By 8 April the Secretariat of the NPC session had received 2,089 suggestions, criticisms, and opinions involving more than 100 units and departments. He held that such suggestions, criticisms, and opinions provided an important basis for us to understand the situation clearly and formulate policies; and that various departments should pay close attention to them, study them seriously, and reply to NPC deputies in good time.

In his speech, Cheng Siyuan, deputy secretary general of the CPPCC National Committee, said: In recent years, members of the CPPCC National Committee have been increasingly enthusiastic about suggesting ways and means to the state by making proposals, and concerned units have made big progress in their speed and quality of handling such proposals. He hoped that further progress would be made in this respect.

Wu Qingtong, deputy secretary of the State Council, also spoke at the meeting. He called for all units concerned to pay close attention to suggestion, criticisms, opinions, and proposals put forward by NPC deputies and members of the CPPCC National Committee, to handle them as soon as possible in the spirit of seeking truth from facts, and to reply to them.

Attending today's meeting were relevant responsible persons of 77 units, including departments of the State Council, the Central Military Commission, the Supreme People's Court, the Supreme People's Procuratorate, the All-China Federation of Trade Unions, the All-China Women's Federation, and Beijing Municipality.

CPPCC SESSION ADOPTS POLITICAL RESOLUTION

OW110105 Beijing XINHUA Domestic Service in Chinese 1302 GMT 8 Apr 85

[Text] Beijing, 8 Apr [XINHUA] -- Political Resolution of the Third Session of the Sixth National Committee of the Chinese People's Political Consultative Conference (adopted by the Third Session of the Sixth CPPCC National Committee on 8 April 1985)

The Third Session of the Sixth National Committee of the Chinese People's Political Consultative Conference is held in a situation in which China has made great achievements in socialist modernization; when the restructuring of the national economy as a whole, with the focus on the urban economy, has begun; and when the patriotic united front is being further expanded each day.

The current session is of great significance in continuing to promote economic construction, economic structural reform, and opening to the outside world and in the consolidation and enhancement of the excellent situation. The committee members are attending the meeting with a high sense of responsibility. They are full of confidence and speak their minds freely. The meeting is filled with an atmosphere of democracy and unity.

The session listened to, examined, and discussed Vice Chairman Hu Ziang's report on the work of the Standing Committee, and Vice Chairman Yang Jingren's report on the implementation of policies of redress. It also examined and discussed Vice Chairman Xiao Hua's report on the work of making proposals since the Second Session of the Sixth CPPCC National Committee. The session agreed to these three reports and made many positive suggestions on how to improve the people's political consultative work.

The committee members attended the Third Session of the Sixth National People's Congress as observers, and listened to Premier Zhao Ziyang's report on "The Current Economic Situation and the Reform of the Economic Structure," State Councillor and Minister of the State Planning Commission Song Ping's "Report on the Draft Plan for 1985 National Economic and Social Development," and State Councillor and Minister of Finance Wang Bingqian's "Report on the Implementation of the State Budget of 1984 and the Draft State Budget for 1985." After serious discussion, the committee members expressed their support for these reports and put forward many useful opinions and suggestions on how to do a good job in the reform of the economic structure, the reform of the scientific and technological system, and the reform of the educational system. The committee members at the meeting also listened to State Councillor and Minister of Foreign Affairs Wu Xueqian's "Explanation on the Request for Deliberation and Approval of the Sino-British Documents of Agreement on the Question of Hong Kong," expressed satisfaction over the work done by the Chinese Government for the settlement of the Hong Kong question, and endorsed the "Joint Declaration of the Government of the People's Republic of China and the Government of the United Kingdom of Great Britain and Northern Ireland on the Question of Hong Kong."

The session holds: In Premier Zhao Ziyang's report, the analysis of China's current excellent economic situation is realistic. It is an achievement of strategic significance in China's economic development that after several years of readjustment and reform, our economy has embarked on a new road conforming to China's realities and has been in a new situation of steady and coordinated development. The major tasks; the principle of "being firm and unshakable, being prudent in the initial stage of reform, and ensuring success"; and various measures put forward in the report are of great significance to unifying the thinking of the people of various nationalities in China, enhancing their vigor, and accelerating the building of socialism with Chinese characteristics. The session holds that the reform is China's central task at present; and the People's Political Consultative Conference should work for this central task, take full advantage of its strong point in having a large number of able persons, unite the forces in all quarters, and actively offer advice and contributions for the four modernizations.

During the discussions, the committee members made sharp criticisms on the new unhealthy tendencies which undermine reforms and presented opinions on how to strengthen ideological education, improve propaganda work, and augment work on the legal system. The conference held that the CPPCC should vigorously promote the building of socialist spiritual civilization and actively publicize and encourage "lofty ideals, morality, culture, and discipline."

It should also adhere to the principle of arduous struggle and build up the country through thrift and hard work; oppose squandering, practice economy, oppose and rectify the various new unhealthy tendencies, and unswervingly assist the CPC and the government in making reforms.

The conference held that the concept of "one country, two systems" and the successful resolution of the Hong Kong issue have advanced the sacred cause of the peaceful reunification of the motherland by one big step, and will wield far-reaching influence to ending the separation of Taiwan and the mainland at an earlier date and accomplishing reunification of the motherland. At the same time, new experience will be provided for settling international disputes through consultations.

The conference called on the CPPCC to continue to expand the patriotic united front in the new period, earnestly implement the principle of "coexistence for a long period of time through mutual supervision," and the principle of "treating each other with all sincerity and sharing both good fortune and bad." It also called for continuing to carry forward the fine traditions of the CPPCC, further bring into play the role of political consultations and democratic supervision, strengthen study and propaganda work, make in-depth investigations and studies, seriously grasp and implement the various united front policies, actively unfold work on promoting unification of the motherland, launch people's diplomatic activities, constantly sum up new experiences, study new problems, and further create a new situation in the people's political consultative work in order to make fresh contributions to realizing the three main tasks in the eighties and nineties!

DONG BIWU CITED ON ORGANS RUNNING BUSINESSES

HK120726 Beijing JINGJI RIBAO in Chinese 2 Apr 85 p 1

[Article by Li Yiqiao: "The Disadvantages Suffered by Party, Government, and Military Organs Engaged in Commercial Activities"]

[Text] Editor's note: Today is the 10th anniversary of the death of Comrade Dong Biwu, one of the founders of our party, an outstanding leader of the party and state, and a brilliant communist fighter. In September 1947, our revered Comrade Dong delivered a speech entitled "Our Financial and Economic Tasks and Mass Line" at a financial and economic meeting of the Shanxi-Qahar-Hebei border region. In his speech he took a clear-cut stand to expound on the disadvantages suffered by party, government, and military organs which were engaged in commercial activities. His remarks, which hit the mark, are still of practical significance for curbing the present unhealthy trends of certain party, government, and military organizations conducting business and running enterprises. We publish Comrade Li Yiqiao's article to introduce to our readers the important speech made by our revered Comrade Dong 38 years ago. Our further purpose in so doing is to mark the anniversary of his death. [end editor's note]

In 1947, after the main forces of Liu and Deng fought their way across the Huang He and struck into the hinterland of the KMT, and the Chinese people's liberation war switched to a strategic offensive, unifying the finances and economies of the liberated areas, developing production, and concentrating financial and material resources to support the front became important conditions for victoriously carrying out the liberation war. At that time Comrade Dong Biwu, who was over 60, worked together with Comrade Liu Shaoqi and Comrade Zhu De of the Standing Committee of the Work Committee of the CPC Central Committee. He left Yanan and reached Xivopo of Pingshan County located on the Shanxi-Qahar-Hebei border region after passing through many different places.

Mandated by the CPC Central Committee, he took up the post of the director of the Financial and Economic Office for north China. He devoted great efforts to solve the problem of financial and economic unification of the liberated areas in north China. After investigations, our revered Comrade Dong discovered that work departments of various strategic regions and subregions had to carry out some production and perform their "household duties" in order to meet the demand of improving living conditions. However, many organs, including companies of troops, thought that they could not make a profit rapidly by relying solely on the development of industry and agriculture. Therefore, they were involved in profit-making businesses. Some of them even went so far as to engage in smuggling, speculation and profiteering. They paid attention to the interests of "small organizations" at the expense of the interests of the "big organizations" and severely hampered the financial and economic unification of the liberated areas. At a financial and economic meeting of the Shanxi-Qahar-Hebei border region held on 18-19 September 1947, our revered Comrade Dong Biwu delivered a speech entitled "Our Financial and Economic Tasks and the Mass Line." In his report he penetratingly expounded on the disadvantages suffered by party, government, and military organs which were engaged in commercial activities. His exposition is still remarkably useful today for countering the unhealthy **trends** of certain party, government, and military organs which are involved in activities of doing business and running enterprises. What were the disadvantages which party, government, and military organs would suffer if they conducted business? Our revered Comrade Dong maintained:

1. The work forces and combat effectiveness of the local working organs will be weakened. He said: "If various units want to do business and make money, they must select the most capable persons in the units to shoulder the task. Rear-service establishments of various army units must select competent persons to conduct business." He pointed out that if all of us put profit-making first, our troops could not fight, and we could not carry out our party and government work wholeheartedly. This would greatly weaken the work forces of various units and the combat effectiveness of the Army.
2. The bad habits and ideas of bourgeois businessmen could easily be brought into the revolutionary ranks. This would corrode the will of the revolutionary ranks. He said: "At present, or in the future, some comrades are, or will be engaged in business. They should always be on guard against the bad habits and ideas of businessmen." He added: "Being proficient in commercial work should be strictly differentiated from being tainted with the bad habits of businessmen and spreading their ideas." He pointed out that those who are engaged in commercial activities were prone to compete with and deceive each other. They were suspicious of and plotted against each other. Therefore they devoted their efforts to dealing with their own comrades rather than the enemy. The reason why we did not like party, government, and military organs to do business was that those comrades who were engaged in commercial activities were prone to be tainted with the bad habits of businessmen and spread their ideas.
3. If the party, government, and military organs conducted business, the party organizations were liable to cut themselves off from the masses. The party would face the danger of extinction because of this. He pointed out that if "people from various organizations" do business, they might make use of public money and vehicles. Sometimes they might even ask the common people to serve them. They might use public houses as sites for loading and unloading goods, or selling their products. Private businessmen could not compete with them. As a result, shops run by organizations could be found here and there, the streets would be congested with working personnel of shops run by organizations, and goods sold on the market would be mainly produced by such organizations.

The common people might say that everything was done by "people from various organizations." In such a way we would become completely separated from the masses. He profoundly pointed out: Mencius said, "If people of the whole country scramble for profits, this will constitute a danger to the state." If all of us scramble for profits, our party is no longer a Communist Party. It would turn into a commercial party. "Our party would be finished." He said: "This is not alarmist talk, but an inevitable outcome of the development of things."

To help the broad masses of cadres enhance their understanding, adopt an overall point of view, and solve the problem of party, government, and military organs engaging in business, our revered Comrade Dong emphasized in his report: As far as I know, Chairman Mao follows two special mental guidelines -- being a servant of the common people and seeking truth from facts. Our Communist Party is a vanguard of the proletariat, which represents the interests of the broad mass of people and serves the masses. When considering things we should proceed from the mass relations and the interests of the masses. The party has no other interests except the interests of the masses. It should also consider the value of its existence. The party is not a faction. Unlike any secret society, it is not working for the interests of people of the same group or faction. We should consider things and do our work together with the masses. We should identify ourselves with the masses. If the masses know that we serve them wholeheartedly, they will also support us wholeheartedly. In various kinds of work they will prove that we can share weal and woe with them, and that the party and the masses are closely bound with a common destiny. In accordance with the party's discipline and the need of unifying finances, our revered Comrade Dong solemnly announced: Our party is politically unified, and our Army fights under a unified command. Our finances should also be unified. We should abolish shops run by various units and organs. These "small organizations" should be merged into the "big organizations."

It has been 38 years since our revered Comrade Dong delivered his speech. The problem of party and government organs engaging in business has now occurred again in many places under the pretexts of "enlivening the economy" and "reform." Some party, government, and military organs and office cadres make use of the position of our party as a ruling party, and the power bestowed on them by the people to conduct business and run enterprises for their own interests or the interests of the small units at the expense of the interests of the state and people. Some cadres do not dare to use their own names in conducting business and running enterprises, but they use the names of their relatives or friends to resell goods at a profit. They disturb the market and severely obstruct the progress of economic reform. All this has aroused public indignation and resentment. After repeated injunctions by the CPC Central Committee and the State Council, most of these unhealthy trends have been curbed. Some of the businesses and enterprises have been abolished. The problem is being solved. However, it should be pointed out that if we do not truly understand the disadvantages suffered by cadres of party, government, and military organs who engage in business and fail to effectively solve the remaining problems, in suitable weather the unhealthy trends will occur again under various pretexts and in various forms to sabotage the smooth progress of reform of economic structure. This will not only adversely affect the normal progress of the work of these organs, but also will discredit our party, corrupt our party cadres, contaminate the body of our party, and undermine the relations between the party and the masses. Just as our revered Comrade Dong warned 38 years ago, if we let the unhealthy trends spread unchecked, we will face the danger of the "extinction of our party." Therefore, we should keep a clear head, deepen our understanding of the defects of the unhealthy trends, and take resolute measures to curb them. This is a clear-cut stand which we should take.

STATE COUNCIL PASSES REGULATION ON FOREIGN BANKS

OW111753 Beijing XINHUA Domestic Service in Chinese 0820 GMT 11 Apr 85

[Text] Beijing, 11 Apr (XINHUA) -- To expand international economic and financial cooperation, introduce foreign capital and technology, and develop the special economic zones, the State Council on 2 April promulgated the "Regulation of the People's Republic of China Governing the Control of Foreign Banks and Joint-Venture Banks in Special Economic Zones," which came into force the same day it was promulgated.

The "regulation" first clearly defines a foreign bank as a branch bank set up by a foreign bank in a special economic zone whose headquarters is located in Hong Kong, Macao, or a foreign country, and which has registered with the local government according to local laws, or a foreign bank that has registered with the Chinese Government according to the laws of the People's Republic of China. The "regulation" also clearly defines a joint-venture bank as a bank jointly set up in a special economic zone by a foreign bank or a foreign financial organization and its Chinese counterparts.

The "regulation" stipulates that foreign banks and joint-venture banks must abide by the laws and regulations of the People's Republic of China, and that their normal operations and activities as well as their legal rights and interests are protected by the laws of the People's Republic of China. To establish a foreign bank or joint-venture bank in special economic zones, a request must be submitted to the People's Bank of China. The People's Bank of China will then examine, approve, or disapprove the request depending on the need for development in the special economic zone and in accordance with the principle of equality and mutual benefit. The business operations that can be approved by the People's Bank of China include any or all of the following: loans and discounts of bills in both local and foreign currencies; collection of remittances or foreign exchange from a foreign country, Hong Kong, or Macao; exchange settlements and documentary drafts of foreign trade; exchange of foreign currencies and foreign currency instruments; investments in local or foreign currencies; guarantees in local or foreign currencies; buying and selling of stocks and negotiable securities; trust and safety deposit vault operations; credit investigation and consultative services; remittances to foreign countries by enterprises set up with Overseas Chinese capital, enterprises set up with foreign capital, or joint-venture enterprises; exchange settlements and documentary drafts of import trade; deposits and overdrafts in local and foreign currencies by foreigners, Overseas Chinese, or compatriots from Hong Kong and Macao; and foreign currency deposits by and foreign exchange loans to foreign countries or Hong Kong Hong Kong and Macao.

The "regulation" stipulates that the State Administration of Exchange Control is responsible for issuing permits for handling foreign exchange business to foreign banks or joint-venture banks. The People's Bank of China branch banks in special economic zones are responsible for controlling and supervising the foreign and joint-venture banks. The branch banks have the authority to check the operation and financial status of the foreign and joint-venture banks, ask them to report or supply information on their condition; and send personnel to check their account books and files.

The "regulation" also stipulates that branch banks of foreign banks in China can remit their after-tax profit out of the country. When a foreign bank or a joint-venture bank violates this regulation or other financial regulations, branch banks of the People's Bank of China in special economic zones have the authority to issue a warning or exact a fine depending on the seriousness of the offense.

Should there be any objections, an appeal may be filed to the People's Bank of China, which will then issue a ruling. When a foreign or joint-venture bank has committed a serious violation of the regulation, the People's Bank of China may order it to suspend operation or may even close down the entire organization.

RULES ISSUED ON VIOLATION OF EXCHANGE CONTROLS

OW121201 Beijing XINHUA Domestic Service in Chinese 1205 GMT 8 Apr 85

[Text] Beijing, 8 Apr (XINHUA) -- Rules for the Implementation of Punishment for Violation of Foreign Exchange Controls: (approved by the State Council on 25 March 1985 and promulgated by the State Administration of Foreign Exchange Control on 5 April 1985)

Article 1. This set of rules is formulated for the implementation of the provisions in Article 31 and Article 33 of the "Provisional Regulations on Foreign Exchange Control of the People's Republic of China."

Article 2. The following acts are considered as illegal procurement of foreign exchange:

1. Making payments in renminbi for imported goods or other items that should have been paid for with foreign exchange, without the approval of the State Administration of Foreign Exchange Control and its branches (hereafter referred to as exchange control agencies) or unless otherwise provided for in other state provisions;
2. Payments in renminbi made by domestic institutions for expenses of institutions operating abroad, foreign institutions in China, enterprises run with Overseas Chinese capital, enterprises run with foreign capital, Chinese-foreign joint ventures, and individuals on short visits to China in exchange for foreign exchange that should have been sold to the state;
3. When institutions operating abroad use their renminbi in China to pay for expenses of other people in exchange for their foreign exchange;
4. When foreign institutions in China, enterprises run with Overseas Chinese capital, enterprises run with foreign capital, Chinese-foreign joint ventures, and their personnel use renminbi to pay for expenses of other people, who then make repayments in foreign exchange or use other similar methods of repayment;
5. When delegations and work groups stationed in foreign countries or in Hong Kong and Macao, or their personnel, use their foreign funds, or income obtained through activities in connection with their work, to buy goods or use them for other purposes and then compensate for the used amount with renminbi;
6. When domestic institutions use their income in foreign exchange derived from exports and other sources to compensate for expenses for the importation of goods or for other payments.

Article 3. Violators in illegally procuring foreign exchange are subject to the following punishment according to the merits of each case:

1. If the foreign exchange obtained illegally by an individual or an institution has not been used, they will be ordered to exchange it with the state within a prescribed time limit; if the foreign exchange has been used, they will be ordered to exchange an equivalent amount of foreign exchange with the state, or have a similar amount of foreign exchange deducted from them; if a procurer of illegal foreign exchange has used it and is unable to return the foreign exchange, he will be made to pay for the difference in the domestic and foreign price of the goods purchased; in addition, a fine ranging from 10 to 30 percent of the amount of illegally obtained foreign exchange may be imposed;

2. An individual or institution that illegally sells foreign exchange will be subject to a fine ranging from 10 to 30 percent of the amount of foreign exchange depending on the seriousness of the case.

Article 4. The following acts are considered as evasion of foreign exchange:

1. When a domestic institution privately keeps, uses, or deposits the foreign exchange it has obtained without the approval of the exchange control agencies; when foreign exchange obtained is deposited in a foreign country in violation of the provisions of the "Rules for the Implementation of Foreign Exchange Controls Relating to Enterprises Run With Overseas Chinese Capital, Enterprises Run With Foreign Capital, and Chinese-Foreign Joint Ventures:";

2. When domestic institutions, enterprises run with Overseas Chinese capital, enterprises run with foreign capital, and Chinese-foreign joint ventures understate their foreign exchange receipts by understating the prices of export goods and commissions or overstate foreign exchange payments by overstating the prices of import goods, expenses, and commissions, and then keep the amount of foreign exchange thus obtained for private use or deposit it in foreign countries.

3. When institutions operating overseas or Chinese investors of Chinese-foreign joint ventures established in foreign countries violate state regulations by using profits that should be repatriated to China for business operations or for other purposes in the country of residence;

4. When delegations and work groups stationed in foreign countries or in Hong Kong and Macao, or their personnel, fail to use their foreign exchange according to the specified plan and, instead, deposit their foreign funds, or foreign exchange obtained through activities relating to their work in foreign countries, or use them for other purposes.

Article 5. Offenders in the evasion of foreign exchange are subject to the following punishment according to the merits of each case:

1. In case the foreign exchange obtained through evasion has not been used, the offenders or the departments in charge of the offenders will be ordered to repatriate the foreign exchange within a prescribed time limit for compulsory conversion, or may have the entire amount or part of the foreign exchange confiscated; in addition, a fine ranging from 15 to 50 percent of the evaded amount may be imposed;

2. In case the foreign exchange obtained through evasion has been used, the offenders will be ordered to turn in an equivalent amount of foreign exchange for compulsory conversion, or may have the same amount of foreign exchange confiscated; in addition, a fine ranging from 15 to 50 percent of the evaded amount may be imposed;

3. In case the offenders have used the foreign exchange obtained through evasion and are unable to return the same amount, they will be fined an amount higher than 30 percent of the evaded amount but lower than the evaded amount. or may have the illegally obtained foreign exchange confiscated or have a punishment consisting of both a fine and confiscation imposed on them.

Article 6. The following are considered as acts of disrupting finance:

1. Dealing in foreign exchange business without the approval of the State Administration of Foreign Exchange Control, or expanding foreign exchange operations beyond the approved scope;

2. When domestic institutions, without the approval of the State Council or the organizations authorized by the State Council, issue securities that have the value of foreign exchange in China or in a foreign country and accept loans from banks and enterprises in a foreign country or in Hong Kong and Macao;
3. When domestic institutions, without the approval of the exchange control agencies, settle accounts, accept or extend loans, and make transfers and pledges with foreign exchange, or circulate and use foreign currencies;
4. Engaging in private selling and buying of foreign exchange, in selling and buying foreign exchange under disguise, in selling and buying foreign exchange at rates higher than those fixed by the State Administration of Foreign Exchange Control, or in buying and reselling foreign exchange for a profit.

Article 7. Violations listed in the preceding article are, on the merit of each case, subject to the following punishment:

1. An offender of item one, in addition to being ordered to discontinue foreign exchange business or that part of his foreign exchange business that exceeds the approved scope shall have his illegal income confiscated, be fined an amount equivalent to or less than the volume of illegal business involved, or be punished by both confiscation and fine.
2. An offender of item two, in addition to being prohibited from issuing new securities or receiving new loans, may be fined an amount less than 20 percent of the volume of illegal securities or loans involved.
3. An offender of items three and four, in addition to being ordered to convert his illegal foreign exchange, shall have his illegal income confiscated, or be fined an amount equivalent to or less than the illegal foreign exchange involved, or be punished by both confiscation and fine.

Article 8. Other violations of foreign exchange controls not specifically stipulated in articles two, four and six may, on the merit of each case, be dealt with and punished according to the most closely applicable articles of this set of rules.

Article 9. An offender of foreign exchange controls, if the circumstances are not serious or the offender voluntarily confesses to his crimes to the exchange control agencies, shows true repentance, or demonstrates meritorious service by informing against other offenders, may receive mitigated punishment or even be exempted from punishment. An offender who resists in interrogation, covers up his crimes, or refuses to mend his ways despite repeated admonition shall be punished severely.

Article 10. Serious cases of illegal procurement of foreign exchange, evasion of foreign exchange, and disruption of finance shall be referred to the judicial departments to be dealt with in accordance with law.

Article 11. In investigating and handling cases of violations of foreign exchange controls, the exchange control agency may notify banks to freeze the violating unit's illegal funds to prevent it from transferring its capital. The freeze period shall not exceed 2 months and shall be automatically lifted when time is due. In special cases requiring appropriate extension of the freeze period, the exchange control agency shall formally issue a renotification. The exchange control agency may order banks to deduct fines or funds to be confiscated from the account of a violating unit if it refuses to pay them.

Article 12. In handling violations of exchange control, the exchange control agency shall notify the unit or individual under investigation of its decision on punishment. A party who refuses to accept the decision may appeal to the exchange control agency at the next higher level within 15 days after he receives the notice to have the decision reconsidered. A party who refuses to accept the reconsidered decision may file a suit with the local people's court.

Article 13. Cases of violation of foreign exchange controls are under the jurisdiction of exchange control agencies; cases of illegal procurement or evasion of foreign exchange, of a smuggling nature, by way of freight, luggage, mail, and conveyances that cross national borders are under the jurisdiction of customs departments; cases of speculation and profiteering involving foreign exchange and foreign currency instruments are under the jurisdiction of industry and commerce administrative departments.

Article 14. Regulations on punishment for violation of foreign exchange controls in special economic zones shall be formulated by the Guangdong and Fujian Provincial People's Governments by reference to these rules.

Article 15. The State General Administration of Exchange Control is responsible for the interpretation of these rules.

Article 16. These rules shall go into effect on the day they are promulgated.

SECURITY MINISTER ON DROP IN PRC CRIME RATE

HK180415 Beijing CHINA DAILY in English 18 Apr 85 p 1

[By staff reporter Liu Dizhong]

[Text] The crackdown on serious crimes over the past two years has brought China's crime rate down nearly to the lowest level since the founding of the People's Republic. Last year, the number of cases reported to the public security authorities dropped 15.7 percent to 510,000 as against the previous year.

"This was quite close to the average crime rate in the 1950s -- about 4 per 10,000 persons," said Minister of Public Security Liu Fuzhi in an exclusive interview with CHINA DAILY.

The nationwide crackdown on serious crimes such as murder, rape, robbery, and arson was launched in August, 1983. At the time, the nation's crime rate was 7.1 per 10,000 persons. Since then, Liu said, social order has improved greatly. "This was shown by the steady decline in the number of crimes and gradual increase of the public's sense of security," Liu noted.

As a result, Liu said, China had one of the lowest crime rates in the world. Some Western countries report a rate of 500-700 per 10,000, although this may be partly accounted for by differences in statistical methods. Some minor offences in China for instance are handled by local neighbourhood committees and are not included in the national statistics.

Figures given by Zheng Tianxiang, head of the Supreme People's Court, show that from April 1984 to February this year courts at all levels concluded 310,000 cases in which 470,000 individuals were convicted.

Of the cases heard, about 140,000 or roughly 45 percent, were for offences of murder, rape, robbery, arson, serious theft, kidnapping and prostitution, Zheng said.

Liu Fuzhi said that during the crackdown, the general public has been mobilized to help the police. They reported more than 2.1 million clues and about 120,000 criminals were seized as a result or turned over to the public security authorities in the 18 months ended in January this year.

Liu said more than 140,000 criminals gave themselves up to the police last year and, as a result, received more lenient sentences under the country's traditional principle of "leniency to those who confess their crimes and more severe punishment to those who refuse."

However, the minister said, combatting crime is "a hard and long-term task" and we should not relax our efforts against those who commit crimes that seriously jeopardize public order and damage the interests of the states and the people."

Liu said efforts have been made by public security departments throughout the country to improve their efficiency for solving crimes. Last year, 76.9 percent of all criminal cases and more than 90 percent of major ones were cleared up.

"Our work this year will focus on cracking down on underground criminals, particularly escaped convicts and those roaming criminals who commit crimes hither and thither," the minister stressed.

Experience has shown that the combination of stern measures, persuasion and education is successful way to maintain social order and create a stable environment for the nation's on-going economic construction, Liu said.

WRITERS URGED TO CONTINUE LITERARY ACHIEVEMENTS

HK180855 Beijing RENMIN RIBAO in Chinese 15 Apr 85 p 7

[Speech by Wang Meng: "We Are Not Intoxicated With the Successes Which We Have Achieved"; given at a national meeting held by the Chinese Writers' Association to present literary awards -- slightly abridged by RENMIN RIBAO]

[Text] With joyful feelings, we are here at this meeting to give three types of literature awards and to review new achievements in our literary creation and review the ranks of our writers who include many successful young writers. This meeting displays a good situation in the field of literature, which is characterized by active thinking, flourishing creation, and unity in making advances. This good situation was brought about by the 3d Plenary Session of the 11th CPC Central Committee and has made new progress in the recent period.

The 65 works that have won awards this time impress people with the warm and serious spirit of our times in which our people are steadily and bravely making advances. The large numbers of reportage works and some novelettes and short stories warmly eulogize the process of modernization, reform, and opening up to the outside, expose various contradictions and problems appearing in the process of advance, portray the image of pioneers in the new period, and probe into the rich and subtle new changes in people's minds. Facts show that those literary works that closely keep pace with our times convey the requirements of historical development, and reflect the heartfelt wishes and feelings of the hundreds of millions of people are always most popular with the public. It is also a good development that people's studies of literature and art have become more profound, elaborate, and comprehensive. However, the most important sources of vitality for our socialist literature still lie in the depths of the people's hearts and in the essential part of the mighty torrent of history and lie in the movements that reflect life, influence life, and promote the advance of history.

We are also glad to see that many literary works have made obvious progress in their richer, broader, and more profound artistic condensation of people's thoughts and of the features of society. In our literary garden, more works showing a broader vision in their description of the process of historical development have emerged. This shows that our writers and readers have been broadening their vision in the process of the four modernizations and have been advancing to a new and higher realm of thought and intellectual structure.

The diversity of themes, artistic styles, and creative skills is another marked characteristic of the awarded works. Facts show that by removing unreasonable limits, our writers and readers are able to display rich imagination and creativity. Our Chinese nation is rich in imagination and creativity, and our four modernizations cause itself is full of imagination and creativity. The diversity of means of artistic expression not only ensures that our works are original and interesting, but also helps emancipate our minds and give play to our potential intelligence. In the final analysis, this is closely related to our mission of cultivating younger generations with socialist ideas.

Among the writers who have won awards this time, two-thirds are new awardees who have just made their mark in literary creation. This indicates that our literature is developing healthily. In addition, a considerable proportion of awarded works are written by writers in the Army or have been published in literary journals run by the Army. This is also a gratifying development.

Of course, we are not intoxicated with the successes we have achieved. In general, more achievements have been made in the fields of novelettes and reportage, but comparatively fewer short stories which are outstanding and inspiring were created in 1984. Our literary creation should more profoundly and effectively reflect our times and contribute to the four modernizations and reform. Like our education, our literature should be oriented to the world, to the future, and to modernization. Then, what should we do to achieve these purposes? In any case, we must continue to make new efforts. Compared to the colorful and abundant life in our times, our literature still lacks strength and depth and is not perfect and sound enough. Our writing style has become a bit too tediously long. This phenomenon also exists in some of the awarded works. Lengthy things can be written if need be, but some writers do not try to write more concise things. They even write long sentences and articles in an attempt to show off their knowledge of terminology. This is a major defect in our literature.

This issue also shows the importance of serious, strict, and democratic literary criticism. Even the awarded works can be analyzed, discussed, and criticized. Different opinions can be aired. Controversy is not at all surprising. Literary works are products of mental work, and opinions about the same product of mental work can differ widely. It is also unavoidable that defects and shortcomings exist in some literary works which make brilliant achievements in some aspects. From ancient to modern times, there have always been some controversial works in China or in other countries, but some of them are still of high value. Commonplace works are not necessarily good, and it is not impossible that awards may be given to controversial works. But awarded works should also be discussed and criticized. Comrade Zhou Yang has long proposed that commentaries be made on the giving of awards. I think that this is a correct idea. We should comment more on the giving of awards.

We should notice that our activity of giving awards to outstanding literary works has played a good role in promoting literary creation and cultivating people of talent.

However, because of the limitations of our work of deciding on awards, some good works may be neglected and some awarded works may not prove good enough to stand the test of time. Therefore, we need in-depth and strict literary criticism and prompt commentaries on the works and the giving of awards. Moreover, we need awards and commentaries that are given and made through more careful consideration and that have far-reaching influence. So I think that when conditions are ripe we should gradually establish an award system at the national level to give higher honor to outstanding literary works.

This award meeting is held under the unprecedently good situation following the conclusion of the Fourth National Writers' Congress. Now is a golden age for our socialist literature. Let us encourage each other to cherish and correctly make use of our creative freedom which is not easily attained, by further emancipating our minds and going deep into life. We should be modest and prudent and should guard against arrogance and prudent and should guard against arrogance and rashness. We will create more new works that are worthy of our great country and our great times.

XI ZHONGXUN ADDRESSES DRAMATISTS' CONGRESS

OW181654 Beijing XINHUA in English 1627 GMT 18 Apr 85

[Text] Beijing, April 18 (XINHUA) -- Chinese drama should have greater democracy and unity, said Communist Party Political Bureau member Xi Zhongxun here today. He told the opening session of the fourth national congress of the Chinese Dramatists' Association (CDA) to unify their thinking and be bold in reforming itself. Xi asked congress deputies to speak their minds freely and unite in remembrance of their Cultural Revolution sufferings. Socialist reform could promote drama but successful experience had yet to be acquired through exploration, he said.

He agreed with CDA Chairman Cao Yu's opening speech urging better drama to meet popular demand during an unprecedeted artistic flourishing. Cao said in his opening address that Chinese drama should reflect the great spirit of the times in all dramatic forms and techniques. On the other hand, he noted that Chinese drama was not in the best possible shape. He called on Chinese dramatists to study and resolve practical problems and expressed the belief that excellent works would appear.

Chinese People's Political Consultative Conference Chairwoman Deng Yingchao and party Propaganda Department Advisor Zhou Yang congratulated the congress by letter and telephone. During the seven-day congress, the 900 deputies representing 6,000 CDA members will discuss the last five years' developments and ways to improve drama, revise CDA's Constitution and elect a new leading body. CDA, which represents 200 different forms of the dramatic art, has local chapters in all the 29 provinces, municipalities and autonomous regions on the mainland of China.

Congress Reviews Progress

OW181924 Beijing XINHUA in English 1830 GMT 18 Apr 85

[Text] Beijing, April 18 (XINHUA) - Chinese plays have improved with prospects for younger dramatists and flourishing publication in the past five years, the Chinese Dramatists' Association (CDA) said here today. The statement was contained in a report to the fourth national congress of [words indistinct] by Secretariat member Liu Housheng on behalf of the Standing Council.

He spoke of over 100 excellent scripts, showing closer links with the people, deeper thinking about history and reality, more profound depiction of the spirit of the age, and greater courage and creativity in seeking new forms of presentation.

Many had praised new socialist man and exposed social contradictions. More gifted younger directors, designers, composers and actors boded well.

Over 200 publications on drama in the past five years, he praised the volume on traditional opera and Quyi (ballad signing) in the Chinese encyclopedia and "A General History of Traditional Chinese Operas". He urged continued criticism of leftist ideology. Some difficulties were due, he said, to ignorance of drama in the young, and were a warning for the future. He called on Chinese dramatists to adapt themselves to the changing times, go deep among the people and strive to produce plays showing China's tremendous development so as to help the program of modernization.

BO YIBO GIVES PEP TALK TO CHINESE DIVERS

OW141402 Beijing XINHUA Domestic Service in Chinese 1158 GMT 12 Apr 85

[Excerpts] Beijing, 12 Apr (XINHUA) -- Bursts of laughter were heard continuously on the morning of 12 April from the Wenjin sports club located at the west side of Beihai, where Bo Yibo, honorary president of the Chinese Swimming Association, met athletes and coaches, who will soon leave for Shanghai to attend the fourth World Cup Diving Tournament, and other divers receiving training in Beijing. He encouraged them to throw off spiritual shackles, not to be dizzy with success nor discouraged by failure, and to display the Chinese people's mental outlook in striving for outstanding performance in competition.

In high spirits, Bo Yibo arrived at the lounge at 1000. He shook hands with the athletes and coaches and called Chen Xiaoxia and Zhou Jihong by name. Bo Yibo was very happy to see Yuan Weimin, vice chairman of the State Physical Culture and Sports Commission at the gathering, and told him: I watched the TV live relay of the match between the Chinese and the Soviet women's volleyball tems yesterday. Our team played very well.

Bo Yibo said: All athletes are young people. It is a law of nature that young people will triumph over the old and the student will surpass the teacher.

Bo Yibo went on to say: Zhao Zilong, a character in the "Story of the Three Kingdoms" who was every inch a hero, thrice broke in the enemy's tight encirclement as if entering a no-man's-land during the Changbanpo Battle. In taking part in a competition, you athletes should be as courageous as Zhao Zilong entering the no-man's-land and should throw off spiritual shackles. He said: The tournament, in which many countries will participate, is very important and will mean another challenge to you. People throughout the whole country expect good performance from you.

In conclusion, Bo Yibo raised his hands and told the athletes: You are leaving soon. I've come to see you today to fulfill my obligation. A burst of applause again echoed the hall.

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P R C R E G I O N A L A F F A I R S
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JIANGSU HOLDS PROVINCIAL JUDICIAL WORK MEETING

OW170925 Nanjing Jiangsu Provincial Service in Mandarin 1100 GMT 12 Apr 85

[Text] From 9 through 12 April, the provincial party committee held a provincial meeting on judicial work. The purpose of the meeting was to further study and implement the guidelines of the national conference on judicial work as well as to study how, under the new situation, to mobilize the whole party and various circles to exert joint efforts to bring about a fundamental improvement in public security and ensure and expedite the smooth progress of economic construction and economic reform.

Shen Daren, deputy secretary of the provincial party committee, and Vice Governor Chen Huanyou spoke at the meeting. Hui Yuyu, member of the Central Advisory Commission, also addressed the meeting. Members of the party committees of Taixian and Yangzhong Counties, the Nanjing chemical works, and the Wuxi public transportation service reported their experience.

The meeting held that over the past year and more, various localities of the province, based on the central authorities' instructions and plans, have made great achievements in strictly cracking down on serious crimes and working out various comprehensive measures to cope with the situation. The rampant bluster of criminals has been severely punctured; the crime rate has drastically dropped; the people feel more secure; and the province's public order has remarkably improved.

The meeting also pointed out that it is necessary to realize that the province still has many problems concerning public security.

The provincial party committee urged leading comrades of party committees and governments at various levels and judicial departments to persistently deal with the problems in two ways. They should, on the one hand, seriously strike at grave criminal offenses and economic crimes, and, on the other hand, fully implement various comprehensive corrective measures in order to achieve a fundamental change for the better in public security.

The meeting stressed that fundamental improvement of the standards of social conduct and public order is one of the goals set forth by the 12th party congress. Party committees and governments at various levels must improve public order, along with achieving a fundamental change for the better in party style, standards of social conduct, and financial and economic conditions. They must simultaneously pay special attention to these three areas, and mobilize the general public to work together to comprehensively improve public order.

The meeting also called upon all policemen to uphold the guiding thought that their work should be subordinate to and serve economic reform and economic construction so as to create a more stable social environment for economic construction and provide more effective legal service and protection.

HAINAN RALLY URGES CORRECTING UNHEALTHY TRENDS

HK180905 Haikou Hainan Island Service in Mandarin 0400 GMT 17 Apr 85

[Text] Yesterday afternoon, the Hainan Regional CPC Committee held a rally of party members and cadres of regional and city subordinate organs, mobilizing them to further correct new unhealthy trends in light of the realities of their own areas and departments, to strengthen party spirit and discipline, and to really do well in grasping the second stage of party rectification work. The rally was presided over by Lei Yu, deputy secretary of the regional CPC Committee.

Yao Wenxu, secretary of the regional CPC Committee, made the mobilization report. Comrade Yao Wenxu said: At the previous stage, the regional CPC Committee implemented the spirit of the conference held by the Central Commission for Guiding Party Rectification on second-stage party rectification work; successively held a meeting of city and county CPC committee secretaries, a meeting of city mayors and county heads, a meeting of the heads of the party rectification work guidance groups on all regional subordinate fronts, and a meeting of responsible comrades of all regional subordinate departments, committees, offices, and bureaus; and proposed that a month should be spent in scoring marked achievements in correcting the new unhealthy trends through studying, presenting facts, and investigating, finding, and correcting new unhealthy trends.

The situation over the past 20-odd days shows that the majority of units have been serious about implementing the spirit of the meeting of county secretaries and county heads and have taken a resolute attitude toward correcting new unhealthy trends. The situation is on the whole good.

Comrade Yao Wenxu pointed out that judging from the facts initially presented at the previous stage, the new unhealthy trends existing in the first group of units which carried out party rectification in our region, were mainly expressed as follows:

1. Party and government organs and party and government cadres made a practice of engaging in commerce and running enterprises. Many units that carried out party rectification sold illegally materials in short supply in our country, such as imported motor vehicles. The consequences were serious.
2. Pretexts were concocted to indiscriminately issue money and materials.
3. Dinners and gifts were given and money was squandered and wasted.

In view of this situation, at this state, leaders at all levels and party members have seriously implemented the principle of simultaneous rectification and correction of defects and in conjunction with realities, have started correcting these new unhealthy trends and scored initial achievements. All places and departments have first reinforced themselves and have grasped well the work of investigating the business in importing motor vehicles.

Second, the regional CPC Committee itself has grasped rectification and correction. In March the regional CPC Committee held three Standing Committee meetings, strengthened the work of investigating the business in importing motor vehicles and the work of dealing with special cases, and took the lead in correcting the malpractices of party and government organs in engaging in commerce and running enterprises.

All party and government cadres who had been appointed to positions of chairman or vice chairmen of the board of directors and manager or assistant managers of the Hainan Island Development and Construction Corporation were removed from these posts. The reception work and system were reconsidered. Several aspects of work were done in returning houses to their Overseas Chinese owners.

Third, party and government organs' and party and government cadres' unhealthy trends of engaging in commerce and running enterprises have been curbed.

Fourth, the problems of indiscriminately issuing money, materials, and allowances are being dealt with and the malpractices of giving dinners and gifts have been basically curbed.

Comrade Yao Wenxu pointed out that although we achieved some results in studying; presenting facts; and investigating, finding, and correcting the new unhealthy trends at the previous stage, this was merely the beginning. The current most important task confronting leaders at all levels is to continue to enhance understanding, to correct their attitude, and to further strengthen leadership over correcting the new unhealthy trends.

In particular, we must personally investigate big and serious economic criminal cases, organize forces to thoroughly and clearly investigate and deal with them, and by no means tolerate or shield the offenders. At the same time, those who have taken the opportunity of opening to the outside world and of reform to engage in malpractices for selfish ends and to line their pockets with public funds or other people's money, must be persuaded to surrender themselves to the police on their own initiative and make a clean breast of their crimes; otherwise, they must be severely punished.

In conclusion, Comrade Yao Wenxu demanded that, while carrying out party rectification and correcting the new unhealthy trends, all units must pay attention to doing well in grasping current work, must promptly solve the problems existing in work, must ensure that party rectification is used to push forward reform and all aspects of economic work, and that reform and all aspects of economic work are used to examine party rectification.

GUAN GUANGFU PRAISES HUBEI COUNTY'S NEW IDEAS

HK181446 Wuhan Hubei Provincial Service in Mandarin 1100 GMT 17 Apr 85

[Excerpt] While inspecting work in Yingshan County on 9 March, provincial CPC Committee Secretary Guan Guangfu warmly praised the county CPC Committee, saying that the 10 ideas raised by the county CPC Committee in implementing the spirit of this year's Central Document No 1 was the result of emancipating their minds, seeking truth from facts, and working creatively, and that the ideas are worth recommending.

The 10 ideas raised by Yingshan County are as follows:

1. It is necessary to establish the idea of invigorating the economy and to deeply understand the important significance of the 10 policies put forth by the central leadership.
2. Regarding the agricultural plan, it is necessary to establish the idea of a comprehensive economy and to thoroughly readjust the rural production structure.

3. As to diversified economy, it is necessary to establish the idea of land economy and to tap in an all-round way the potential of various natural resources.
4. As to town and township enterprises, it is necessary to establish the idea of developing town and township enterprises mainly on the strength of people and to endeavor to make a new breakthrough in village and household industries.
5. Regarding the tertiary industry, it is necessary to establish the idea of opening up urban and rural areas and to vigorously strengthen the building of rural towns.
6. As to promoting and applying science and technology, it is necessary to establish the idea of achieving the quadruplication target by relying on knowledge and to properly carry out the work of discovering local technological talent and bringing in technological talent from other areas.
7. As for developing rural specialized households, it is necessary to establish the idea of developing business operations in a coordinated way and to endeavor to build a professional production contingent of [words indistinct] with local characteristics.
8. As to the service work of agriculture, industry, and commerce, it is necessary to establish the idea of providing services according to the overall situation and to perfect the socialized service networks.
9. As to the building of spiritual civilization, it is necessary to establish the idea of conducting the building of spiritual civilization in a comprehensive way and to speed up the building of civilized counties.
10. Concerning leadership methods, it is necessary to establish the idea of blazing new trails and to change the method of unitary administrative leadership to the method of administrative leadership associated with services.

Since the central leadership issued this year's Document No 1, the Yingshan CPC Committee has organized cadres and masses to link studying and implementing the document with summing up their work, to combine the study of the four Documents No 1 issued by the central leadership in recent years, to carry out the activities of reviewing, summarizing, comparing, and calculating, and to conduct in-depth education for cadres and masses in enlivening the economy.

HUNAN LEADERS ATTEND RADIO, TV AWARDS CEREMONY

HK161230 Changsha Hunan Provincial Service in Mandarin 2300 GMT 15 Apr 85

[Excerpt] Yesterday [15 April] evening, Xiangjiang Hotel was brilliantly illuminated and a joyful atmosphere prevailed as leaders of the provincial CPC Committee, the preparatory group of the provincial Advisory Committee, the provincial People's Congress, the provincial government, the provincial CPPCC Committee, and departments concerned, including Mao Zhiyong, Jiao Linyi, Wang Xiangtian, Wang Zhiguo, Wu Zhiyuan, Yang Huiquan, Yang Difu, (Shen Ruiting), (Liu Yutian), (Liu Zhiping), (Shan Nansheng), (Qiu Wenyi), and (Kang Zuo); experts of quarters concerned, including (Sun Jingmai), (Xue Lan), and (Wang Wenqiu); and award winners attended the provincial gathering to present awards for outstanding radio and television programs of 1984.

NEI MONGGOL'S CAI YING ON PARTY RECTIFICATION

SK150802 Hohhot NEIMENGGU RIBAO in Chinese 23 Mar 85 pp 1, 2

[Article by Cai Ying, commander of the Nei Monggol Military District: "We Must Carry Out Party Rectification in a Gentle and Mild Way"]

[Excerpts] Carrying out party rectification in a gentle and mild manner is a successful experience gained in the first stage of party rectification as well as the guiding principle for the second-stage party rectification. We should firmly grasp this principle throughout the entire process of party rectification.

1. How To Understand the Principle of Carrying Out Party Rectification in a Gentle and Mild Manner.

In summing up the experience gained in first-stage party rectification, the Beijing Military Region has pointed out: "The most important thing is to conscientiously implement the principles and policies put forward by the CPC Central Committee and the Central Military Commission concerning party rectification, resolutely give up the 'leftist' method adopted in the past political movement, restore and carry forward the fine tradition of inner-party political life, consciously implement the principles of conducting education and strengthening unity, keep to the principle of 'not dealing blows to individuals while carrying out party rectification,' and actively safeguard and develop the political situation in which unity and stability go hand in hand with liveliness and vitality." This statement has summarized the principle of carrying out party rectification in a gentle, mild, and civilized manner.

Some comrades worry that doing things in a gentle and mild manner cannot solve any problem and will make party rectification a mere formality. This is not strange. There may be two reasons for this. One is that they lack understanding of the purpose and characteristics of the current party rectification. Of the four tasks of the current party rectification, the most important one is to unify thinking, that is, to unify the thoughts of all party members, and make them struggle to fulfill the four modernizations with one heart and one mind. This is the purpose of party rectification as well as the biggest problem which should be solved through party rectification. To attain this purpose, proper principles should be adopted.

The CPC Central Committee's decision on party rectification has clearly pointed out that in carrying out party rectification, we should mainly depend on the revolutionary consciousness of all party comrades and on the correct application of the sharp weapons of criticism and self-criticism. This is the only way not only to clarify thinking but also to strengthen unity among comrades, and not only solve problems but also leave no aftereffects. Therefore, we must carry out party rectification in a gentle and mild manner rather than repeating the old manner adopted in the political movement. The other reason is some comrades fail to thoroughly eliminate "leftist" influence. Being accustomed to the old way, these comrades think they cannot solve problems if they deviate from it. Such a way of thinking is, more or less, the indicator of failure to thoroughly eliminate "leftist" influence.

Seeing the situation in which new unhealthy trends have emerged even before the old ones were resolved, some comrades lack confidence in party rectification. We must have a correct understanding of this problem. First of all, we should firmly believe that our party is the vanguard of the proletariat, the essence of our party is to serve the people and to struggle for the communist cause, and our party has determination and ability to overcome the negative factors inside the party.

Second, we should understand that to overcome these negative factors, we must depend on party rectification and good systems. In the course of party rectification, we should educate all party members to act according to party institutions and guiding principles. Although we are unable to solve all problems through such education, the overwhelming majority of party members will be educated to heighten their consciousness in rectifying party style. In terms of improving existing systems, we should carry out reforms to eliminate the defects in the cadre and management systems, and to prevent unhealthy trends from happening. This reform is under way, and will certainly yield results. In correcting unhealthy trends, we must depend on consciousness in ideology and on the binding force of systems. Not a single one of them can be dispensed with. Those who refuse to mend their ways despite repeated admonition should be punished according to law and discipline.

2. How To Implement the Principle of Carrying Out Party Rectification in a Gentle and Mild Manner.

Practice has proven that the principle of carrying out party rectification in a gentle and mild manner is correct. How do we implement this principle in the course of party rectification? In accordance with the experience of first-stage party rectification and our actual conditions, I think that we should principally attend to the following three tasks:

First, repeatedly conduct mobilization and education, ceaselessly strengthen understanding of party rectification, and conscientiously correct the attitude towards party rectification, and conscientiously correct the attitude towards party rectification. On the basis of the previous study of the document, we should consolidate and expand achievements in party rectification so as to make all party members ceaselessly deepen their understanding of the significance of the goal for party rectification and of the principle and methods for party rectification.

Second, correctly carry out "four prohibitions and four permissions." The four prohibitions are that we must not seize on other's mistakes and shortcomings, regard others as targets for attack, come down on others with a big stick, or place other's mistakes on file if we find any ideological problems in the course of party rectification. The four permissions are that party members are permitted to withdraw, correct, argue, and reserve the proposals that they have made. This was a good experience in solving the ideological problems created by the Beijing Military Region in the course of party rectification as well as a principle of carrying out party rectification in the gentle and mild manner that we must abide by. We must study well and implement the principle.

Third, widely conduct heart-to-heart talks. Through heart-to-heart talks, we will straighten out our thinking, clear up our misunderstandings, and help each other. This is an effective way to persist in the principle of carrying out party rectification in a gentle and mild manner. Along with thorough development of party rectification, we should gradually conduct heart-to-heart talks widely. Through heart-to-heart talks, a lively and vital situation will be created, unity between comrades will be enhanced, and we will dispel our misgivings about earnestly conducting criticism and self-criticism.

3. Strengthen Leadership Over Party Rectification Work

The central authority stipulated that the party organizations of units should exercise leadership over their party rectification work. This illustrates the central authority as having confidence in our party committee and simultaneously it is a test for our party committee.

In short, I hope leading comrades at all levels will correctly understand their duty in the course of party rectification in an effort to make contributions to the sound development of party rectification.

NEI MONGOL DISTRICT NEGATES CULTURAL REVOLUTION

SK181141 Hohhot NEIMENGGU RIBAO in Chinese 7 Apr 85 p 1

[Text] In the course of conducting education on thoroughly negating the "Cultural Revolution," the CPC Committee and other organs of the Nei Mongol Military District have, in adherence to the principle of not only conforming to the reality but also avoiding quibbling over past mistakes, guided all party members to review their behavior during the "Cultural Revolution" period, and then encouraged them to eliminate the "leftist" influence and sum up lessons and experiences, thus further strengthening unity in all aspects.

During the "Cultural Revolution" period, the Nei Mongol Military District suffered severe disaster as a result of engaging in the campaign of "speaking out freely, airing views fully, holding great debates, and writing big-character posters." Since the 3d Plenary Session of the 11th CPC Central Committee, thanks to the practice of bringing order out of chaos and to the implementation of new policies, the general situation of unity between new and veteran cadres and between cadres of different nationalities has been good.

However, the pernicious leftist influence of the "Cultural Revolution" still impairs the normal relations between comrades. In the course of conducting education on thoroughly negating the "Cultural Revolution," on the basis of asking all comrades to clearly understand the mistakes and serious damage caused by the "theory of continued revolution under the proletarian dictatorship," the CPC Committee of the Nei Mongol Military District has guided all comrades to realistically review their experiences, conscientiously sum up their lessons, and voluntarily enhance their understanding, thus playing a great role as educator among all comrades.

Quite a few comrades of the Nei Mongol Military District had participated in the campaign of "helping the left," had engaged in special cases and committed mistakes, and had injured others. Although they acquired some understanding of their mistakes, they attributed their mistakes to the situation of having no alternative but to obey the orders of organizations.

As a result of attributing their mistakes to objective factors instead of subjective factors, they nursed grievances and complaints. In the course of analyzing the erroneous essence of the "theory of continued revolution," these comrades have been strict in examining and investigating themselves ideologically in line with the party spirit.

After reviewing what they had done and thought during that time, they have learned the reasons for their mistakes. Some comrades said that although they sought no advantage at that time, they were afraid of losing something and lagging behind others, and therefore they blindly followed others in shouting left-leaning words and acting in an exaggerated way. As a result, they committed mistakes, even though they were afraid of doing so. Some other comrades said that because they were motivated by selfishness, they uttered insincere talk and did regrettable things. After summing up their experiences and lessons in a conscientious and voluntary fashion, these comrades have acquired clear understanding of the objective conditions and subjective factors for their mistakes, and they have freed themselves entirely from worry after speaking out about their mistakes.

Some comrades who had been hurt during the "Cultural Revolution" frequently used their personal painful experiences to explain that the "Cultural Revolution" was not a social revolution in any sense, but was a great calamity. However, these comrades seldom thought about what experiences and lessons should be drawn. Through education, their understanding has been enhanced. In the course of summing up experiences and lessons in line with reality, they have caught sight not only of their physical injury but also the leftist influence in their ideology. Some comrades said that although they had been injured and attacked during the 10-year domestic turmoil, they also committed mistakes on certain issues and at a certain stage, and therefore they also had experiences and lessons to be summed up. Some comrades were subjected to persecution at the initial stage of the "Cultural Revolution," but afterwards they engaged in the activity of attacking others.

It is thus clear that people who suffered from the "leftist" practices are not necessarily deeply understanding of "leftist" theories and work style nor able to draw distinctions between right and wrong. Therefore, these comrades should also voluntarily eliminate "leftist" influence in line with reality so as to cure their physical and mental injuries. The CPC Committee of the Political Department of the Nei Monggol Military District has helped those comrades who were subjected to persecution treat themselves in line with the idea of everything dividing into two, and has encouraged them to be strict with themselves and lenient with others so that they can "diagnose" and cure their "internal injury" through their own efforts. Leaders of the Political Department have taken the lead in conducting heart-to-heart talks among comrades and encouraged them to sincerely bare their hearts and communicate with others, thus further improving relations between higher and lower authorities, between different units, and among the cadres of all nationalities.

About one third of the comrades of the Nei Monggol Military District did not participate in the "Cultural Revolution," or were involved in only minor affairs to a certain extent. After beginning education on negating the "Cultural Revolution," these young comrades did not know how to treat themselves in the course of study and discussion because they thought that they had not undergone the "Cultural Revolution" and therefore had nothing to study.

After repeated mobilizations and by learning from the advanced experiences of a fraternal unit, these young comrades also summed up their experiences and lessons, examined whether they had been affected by "leftist" influence, and brought their leftist practices into the open. These comrades have realized that although they did not personally undergo the "Cultural Revolution," they have been imperceptibly influenced by what they constantly saw and heard, and thus they should not underestimate the influence of "leftist" ideas. Some comrades said that although they did not personally undergo the "Cultural Revolution," they have often consciously or unconsciously used the concepts that prevailed then to approach and judge present policies and measures adopted since the 3d Plenary Session of the 11th CPC Central Committee. They have even doubted these policies and measures. Affected by anarchy during the "Cultural Revolution," they have often had their sense of organization blunted, and have been dissatisfied with the current principle of carrying out party rectification in a gentle and mild way. All of these are the pernicious influence of the "Cultural Revolution." They have pledged to adapt themselves to the new situations and demands in the course of constantly eliminating "leftist" influence, strengthen unity in all aspects, single-mindedly and consciously submit and serve the overall situation of the four modernizations and the state and the "three modernizations" of the Army, and make positive contributions to their work.

TIANJIN COMMENTATOR CONDEMS MALPRACTICE IN PARTY

SK180856 Tianjin TIANJIN RIBAO in Chinese 7 Apr 85 p 1

[Commentator's article: "We Must Not Bring the Principle of Commodity Exchange into the Party's Political Life"]

[Excerpts] Since the 3d Plenary Session of the 12th CPC Central Committee, a good trend of continuous, steady, and balanced development in the national economy of our country has emerged; the living standards of both urban and rural people have continuously improved; and a political situation of stability and unity has steadily developed. This is the result brought about by our party and state through acting according to economic law and reform, opening to the outside world, and invigorating the economy. It is a solid foundation for advance, and also the mainstream of the current situation.

In the course of developing reform, however, we have also encountered obstacles -- new unhealthy trends emerging in some localities and departments. These unhealthy trends have also appeared within our party. Some people in our party and government organs have brought the principle of commodity exchange in the economic field into the party, forgetting the purpose of serving the people. Major manifestations are as follows:

Seeking personal interest and the interests of small groups, some party and government organs and cadres abused powers for selfish gains and fortune, and illegally bought and resold scarce materials and imported commodities. They established personal contacts for engaging in business, and approved the issuance of materials to one another in order to "help supply each other's needs" and "make up for each other's deficiencies." They used public funds to give feasts and presents, and asked for bribes, thus selling out principles. They argued back and forth with organizations over the work assigned to them in order to reduce it, always talked about money and, when their demands could not be satisfied, refused to do the work. A few comrades took advantage of retirement to ask the party to improve their living conditions, and refused to retire if their demands could not be met.

The most fundamental reason for the emergence of these unhealthy trends is that some Communist Party members lack party spirit. The Communist Party should persistently put the interests of the party and the people above everything else, and should make personal interests submit to the interests of the party and the people. It should be devoted to the public wholeheartedly, and be the first to show concern and the last to become rich. Our party has always won the people's trust, love, and support for its earnest struggle for the people's interests. This is the fundamental reason for the successes of the party's undertakings. If we do not thoroughly eliminate the unhealthy trend of "exchange" within the party, it is possible that a number of party members and cadres will be destroyed, and that the party's undertakings will fail.

We should point out, in particular, that it is for the purpose of promoting the development of the productive forces, improving productivity, achieving better economic results and increasing social wealth that we take the initiative in relying on and applying the law of value when we develop the socialist planned commodity economy. We must never exchange our party spirit, principles, honor, and even moral quality with other things, like commodities. Today, the countercurrent appearing in the mighty torrent of reform reminds us that the work to establish a dynamic socialist economic structure and the work to build the party more successfully and to make all party organizations become powerful leading cores serving the people wholeheartedly, have a correct work style, enforce discipline strictly, and are capable of leading the masses in building the four modernizations to supplement and support each other. They constitute a new task in a new situation, which we must study seriously. As long as we remain clear headed, truly understand the danger of allowing the principle of commodity exchange to infringe upon the party's political life, and be determined to correct and eliminate the phenomena of stressing personal relations regardless of principles and stressing exchange regardless of party spirit, we will certainly achieve brilliant successes in our undertakings.

JILIN COMMENTARY DENOUNCES BOASTS, EXAGGERATIONS

SK181159 Changchun JILIN RIBAO in Chinese 8 Apr 85 p 1

[Commentator's article: "Combat Proneness To Boasting and Exaggeration"]

[Text] By launching the drive to bring order out of chaos during the period since the third plenary session, proneness to boasting and exaggeration has been basically blocked. However, such an evil practice, utterly detested by the people, has not been totally eliminated, and still finds support among some units and localities. For example, some localities that had reaped a poor harvest and received the state-resold grains falsely reported a bumper grain harvest. Some enterprises that had obviously suffered from losses and had to strive to switch losses to profits employed trickery and falsely reported a harvest increase of a particular volume. Some that had not fulfilled the targets set forth by the plan falsely reported their accomplishment of tasks and also boasted of their "experiences." Some that had had both success and failure reported only the good news and not the bad, and those scoring only a 1-percent gain falsely reported a 10-percent gain. Such instances are too numerous to mention.

Judging from the overall situation, though such proneness to boasting and exaggeration emerged only in specific units or localities, the harm such tendencies caused badly merits attention. The state of affairs is the foundation for formulating policies and the basis and premise in engaging in all work. If the state of affairs develops along a wrong road, it will be very possible to bungle matters. As a matter of fact, the current proneness to boasting and exaggeration has already caused losses to the program of economic construction and the work of conducting reforms. Blocking the erroneous tendency of covering up the true picture and falsely reporting work achievements constitutes the important task of straightening out party style.

Those who have indulged in proneness to boasting and exaggeration are often concerned about saving face. As soon as they have found that their achievements are lower than before, they are ashamed to submit their reports in line with the true picture. Some submitted false reports in order to conform to the "circumstance," "trend," and the cues from leadership. Some submitted false reports in order to seek honor and receive rewards and regarded their reports as a means of seeking personal fame, interest, power, and position. However, all of their purposes, interpreted under any circumstance, are based on seeking personal gain and avoiding personal losses, including the interest of specific small groups. It is thus clear that an important root cause in the proneness to boasting and exaggeration lies in submitting false reports in order to seek personal gain.

The rise of proneness to boasting and exaggeration is often closely related to leaders' work style. Some leaders have a fondness for the grandiose, are fond of hearing good news but not the bad, and are prone to light up with pleasure when hearing good news and getting angry when hearing the bad. Such a work style just provides an opportunity for some persons who have catered to the leaders' likes by telling lies and indulging in proneness to boasting and exaggeration. Meanwhile, our leaders have engaged in serious bureaucracy, knowing nothing about their subordinate units or localities because of failure to carry out investigation and studies, so that they have been deceived by cursorily believing their reports. There are also leaders who have not conducted strict education among those who have told lies, who have not adopted effective measures in dealing with such cases, and who have even let those who told lies obtain practical gain and advantage. All of this has encouraged the prevalence of telling lies and indulging in proneness to boasting and exaggeration.

Therefore, in combating proneness to boasting and exaggeration, we should proceed from the following two aspects: We should not only urge party members and cadres at the grass-roots level not to make false reports and not to deceive others, but also urge our leading cadres to no longer encourage false things and no longer be deceived lightly. If leaders do not provide an opportunity and do not show evidence of a weak link, no one will be able to resort to deception.

LIAONING MEETING RELAYS SPIRIT OF NPC SESSION

SK180308 Shenyang Liaoning Provincial Service in Mandarin 1030 GMT 17 Apr 85

[Excerpts] On the morning of 17 April, the provincial CPC Committee and the provincial People's Congress Standing Committee held a meeting at the Zhonghua Theater with the participation of cadres from the units at or above the section level under the provincial level organs and the central level organs stationed in Shenyang City in order to relay the spirit of the Third Session of the Sixth NPC.

At the meeting, Dai Suli, secretary of the provincial CPC Committee, delivered a speech in which he stressed: The provincial CPC Committee urges party members throughout the province to vigorously strengthen their sense of party spirit. First, they should enhance their viewpoint of wholeheartedly serving the people. Second, they should further foster the far-reaching ideal of communism. Third, they should strengthen their sense of taking the whole situation into consideration. Fourth, they should strengthen their sense of organization and discipline.

Xie Huangtian, vice chairman of the provincial People's Congress Standing Committee, presided over the meeting. Zhang Zhengde, leader of the Liaoning delegation to the third NPC session and chairman of the provincial People's Congress Standing Committee, also delivered a speech to relay the spirit of the Third Session of the Sixth NPC, in which he stated: The third NPC session has focused on the topic of conducting reforms, fully developed democracy, and has been full of the atmosphere of unity and democracy and of being eager to conduct reforms. He held that our country had made an advance along the road of developing socialist democracy and improving socialist legal systems.

In referring to the issue of earnestly studying and implementing the spirit of the third NPC session in his speech, Dai Suli, secretary of the provincial CPC Committee, stated his own opinions: The third NPC session is so important that efforts should be made to earnestly study and deeply understand the spirit of the session so as to conduct guidance over work. Dai Suli stated: It is necessary to deal correctly with the relationship between the task of blocking the newly-developed malpractices and the work of conducting reforms in order to enliven the economy.

In his speech, Dai Suli stressed that efforts should be made to strengthen education on harboring ideals and abiding by discipline and to enhance the work of politics and ideology. In essence, the newly-developed malpractices reflect that our party's rank is slack in abiding by discipline. Therefore, units that have begun party rectification work should enhance their education on strengthening the sense of party spirit among party members. Units under the provincial level organs, which have completed their party rectification work, should also do a good job in grasping this education.

Meanwhile, attention should be paid to practical effects and to refraining from merely paying lip service. We are firmly convinced that our party is full of combat power. Only by attaching high importance to the newly-developed malpractices will the party committees at all levels and the entire party be certainly able to correct them and to make a success in conducting reforms.

GANSU GOVERNOR ON CORRECTING NEW MALPRACTICES

HK180922 Lanzhou Gansu Provincial Service in Mandarin 2300 GMT 15 Apr 85

[Text] Yesterday, at a meeting of cadres of Tianshui Prefecture, Provincial Governor Chen Guangyi pointed out that correction new malpractices is for the purpose of implementing more properly the policy of opening up to the outside world and enlivening the domestic economy and for the purpose of promoting production. Therefore, it is necessary to resolutely curb the new malpractices, to clearly draw a demarcation line, and to explicitly define targets.

Targets should be focused on correcting the new malpractices carried out by leading cadres, by the units owned by the whole people, and by business operation units. They should not be focused on grass-roots units and staff members and cadres. We must not curb what should not be curbed and curb what need not be curbed.

Comrade Chen Guangyi said that the current new malpractices have seriously disrupted reforms and should therefore be resolutely curbed. On this issue, leaders at all levels must adopt a clear-cut attitude, must not hesitate and take a wait-and-see attitude, and must not treat it lightly.

However, in the process of correcting the new malpractices, we must pay attention to avoiding two tendencies. One is that people fail to enforce orders and prohibitions, and the other is that people rush headlong into mass action and act rashly to dampen the enthusiasm of the masses. Therefore it is very important to strictly implement policy. As seen from the correction of new malpractices in the preceding stage and in light of our investigations, it is necessary to draw a clear demarcation line in the following:

1. It is necessary to draw a demarcation line between wantonly and not wantonly. We must distinguish between rewards, subsidies, and material objects issued according to regulations stipulated by the state; and rewards, subsidies, and material objects that wantonly. We must distinguish between wages that were readjusted under the leadership in accordance with Document No 2 of the State Council for 1984 and wages that were readjusted and increased at one's discretion and in violation of relevant regulations. It should be made clear that rewards in accordance with regulations should be issued and different rewards are also allowed.
2. It is necessary to draw a demarcation line between seeking personal interests and not seeking personal interests. In cases of deliberately breaking rules, practicing fraud, seeking personal interests by taking advantage of one's power, and seeking personal gains, it is necessary to affix responsibility on the people who should bear the main responsibility and severely deal with them. As for mistakes that have appeared in the situation where no relevant regulations have been stipulated, we should mainly sum up experiences and improve our work.
3. It is necessary to draw a demarcation line between the people who conduct explorations and experiments corresponding to reforms and those who violate the interests of the state and collectives by taking advantage of the reforms and changing their means. It is necessary to summarize, perfect, and improve explorations and experiments corresponding with the reforms and carry them out selectively. Those who take advantage of the reform and violate laws and discipline should be dealt with severely.

4. Stress should be laid on dealing with principal and important cases. It is necessary to mainly investigate leading organs, leading cadres, and responsible persons involved in the cases. As for general malpractices in society, it is necessary to solve the problem by means of giving publicity, conducting education, and giving guidance. All in all, we must adopt a truth-seeking attitude, make a concrete analysis of concrete problems, and, through correcting new malpractices, promote reforms and ensure their smooth progress.

FORUM IN GANSU OUTLINES PLANS TO FIGHT DROUGHT

HK170829 Lanzhou Gansu Provincial Service in Mandarin 2300 GMT 16 Apr 85

[Text] According to GANSU RIBAO, the provincial government has recently held a forum in Lanzhou on guarding against and fighting drought. At the forum, the government stressed that various localities must treat the work of guarding against and fighting drought as the key task in agricultural production. The localities should seek a common understanding, implement policies, uphold the work, and strive to reap a bumper agricultural harvest this year.

The forum urged various localities to establish and consolidate the thinking of fighting drought protractedly, to really strengthen their leadership, and to promptly keep abreast of the situation. In particular, at present, when we are busy with spring plowing, we should adopt effective measures, make party rectification and production serve each other, and grasp well the work of guarding against and fighting drought.

The forum put forward requirements and formulated plans for fighting drought for departments such as those in charge of agricultural and upland crops, irrigation, water conservancy, power supply, and agricultural machinery.

Liu Bing, deputy secretary of the provincial CPC Committee, and Lu Ming, vice governor, attended the forum and proposed requirements for guarding against and fighting drought. Also present were responsible comrades from 5 prefectures, autonomous prefectures and cities, such as Dingxi, Lanzhou, and Linxia; 20 counties, such as Jingyuan and Gulang; and provincial departments concerned.

SHAANXI CADRES URGED TO STUDY REFORM 'DECISION'

HK180825 Xian SHAANXI RIBAO in Chinese 2 Apr 85 p 2

[Report: "Integrate Theory With Practice and Thoroughly Study the 'Decision' -- Excerpts of Zhou Yaguang's Speech at a Report Meeting of Responsible Persons of Provincial Departments" -- date not given]

[Text] Since the publication of the "CPC Central Committee's Decision on Reform of the Economic Structure," the provincial party committee has made arrangements for study of this document in provincial departments, especially among leading cadres of these organs.

In recent months, all cadres, especially those in leading positions, have achieved good results in their studies of the central "decision," and the study of the "decision" has significantly promoted our efforts to eliminate "leftism" and change old conventions in order to enliven our economy and carry out reform of the urban economic structure. In the 1st quarter of this year, the gross industrial output value in this province grew by 27 percent. Progress has been made in reforms in the fields of industry, agriculture, commerce, financial work, transport, posts and telecommunications, education, culture, science, and technology.

Reform in some departments has been developing in depth, and they have achieved successful results in some of their reform measures while gaining some useful experience. However, some noticeable problems remain unresolved. For example, leading comrades in a small number of departments have not paid sufficient attention to the study of the central "decision" but just remain content with their half-baked understanding of the document.

As a result, their work has deviated from the correct course, and this is reflected in some unhealthy tendencies which go against the spirit of the "decision" and do not serve the ongoing reforms. In addition, some departments fail to link their study of the document with the adoption of concrete measures to eliminate "leftism" and change outmoded practices and fail to make necessary investigations in order to advance the reforms. Thus, their theoretical study is divorced from their reform practice. We should pay attention to all of these problems.

In order to guide the study of the central "decision" among cadres in provincial departments, especially those in leading positions, to a higher stage, we should particularly ensure a good job in the following points:

First, after this report meeting, all provincial departments should make a general review and inspection of their studies of the "decision." In the review and inspection, we should mainly see whether cadres in these organs, especially those in leading positions, have a good command of the basic spirit of the "decision" and have set to rights the guideline for their work; whether the influence of the "leftist" ideas have been thoroughly overcome in their work and in their minds; and whether they have made in-depth investigations in the industries and trades under their leadership and have formulated their feasible reform programs. All departments should make new arrangements for the further study of the "decision" so as to solve problems discovered through the inspections.

At the same time, all departments should link the study of the "decision" with the study of Premier Zhao Ziyang's government work report to the Third Session of the Sixth NPC, and take the study of these documents as an important part of their efforts to consolidate and develop the achievements of the party rectification.

They should help adapt the thought of all party members and cadres to the five principles specified in the "government work report": 1) adhering to the principle of seeking truth from facts and making steady advances; 2) strengthening management while enlivening the economy; 3) having an overall viewpoint and overcoming the idea of seeking selfish gains for small groups; 4) adhering to the principle of improving the people's livelihood steadily on the basis of production development and adhering to the principle of working hard and building the country through diligence and frugality; and 5) continuing to correct various unhealthy tendencies and removing various obstacles to reform. The provincial party committee will make an overall inspection of various provincial departments' study of the "decision" and the "government work report."

Second, all departments must adhere to the principle of linking theory with practice and should more closely link the study of the "decision" with their reform practice. This is the key to pushing the study of the "decision" to a deeper stage. Our study should not rest in the stage of merely having a half-baked understanding of the document. We should apply the spirit of the "decision" to analyzing, studying, and settling actual problems in our respective departments and to working out feasible plans and measures for reform so as to advance with greater strides. To do so, leading comrades in various departments should personally go to make investigation in grass-roots units so that they can promptly discover and settle problems.

Third, through the study of the "decision," we should have firm confidence in reform and resolutely check the unhealthy trends. Under the guidance of the spirit of the "decision," we should correctly understand the situation in reform and realistically analyze and solve new problems appearing in the course of reform. The central leadership has laid down a general principle for this year's reforms -- being resolute in carrying out reform and being prudent in taking action in the initial stage so as to ensure success. We should deeply understand this principle.

At present, some unhealthy tendencies have emerged in the course of reform. How should we look at these problems? Some comrades do not understand the relationship between reform and correcting unhealthy tendencies and fear that the policies may change; some people attribute the appearance of the unhealthy tendencies to reform; some other people get into a great fuss about these problems and regard the present economic situation very seriously; yet other people simply show apathy toward the unhealthy tendencies. All of this is incorrect.

The unhealthy tendencies are not caused by reform. They go against the spirit and principles of reform. Therefore, correction of the unhealthy tendencies will promote reform rather than affect reform, and will ensure that reform can advance smoothly along the correct course. We should not doubt our basic assessment of the overall situation because of the emergence of some unhealthy tendencies. A tranquil situation may just mean a stagnant situation. It is unavoidable that some twists and turns appear when we try to enliven the economy. Our leading comrades at all levels should always keep their minds clear and should adopt prompt and resolute measures to correct various deviations. As long as they do so, our reforms will certainly succeed.

In the study of the "decision," we should now help cadres correctly understand the relationship between enlivening the economy and strengthening overall economic management. While enlivening the economy, we should also maintain the regular order of economic activities. Strengthening overall economic management and invigorating grassroots economic units are both indispensable measures in order to win successes in our reforms. All irregular practices in the name of reform must be resolutely checked. If we fail to exercise effective overall control, then selfish departmentalism, extreme decentralism, and liberalism will all appear and set back our reform efforts.

Fourth, through the study of the "decision," we should strengthen our ideological work and intensify education in party spirit, party style, and party discipline. The greater the efforts we are to make to enliven the economy and invigorate the enterprises, the more attention we must pay to resisting the corrosive influence of capitalist ideology and to overcoming the corrupt practice of using power in pursuit of selfish gains and to fighting against evil practices that harm the interests of the state and the consumers.

It is necessary to educate party members and cadres to establish lofty ideals, act according to the party spirit, observe party discipline, and serve the people wholeheartedly. All departments should pay attention to this issue and should take various effective measures to strengthen ideological education among party members and cadres so as to ensure the smooth development of our reforms.

WANG ZHEN IN HONG KONG AFTER HEALTH VISIT TO U.S.

HK190608 Hong Kong Asia Television Limited in English 1200 GMT 18 Apr 85

[Text] A senior Chinese Communist Party leader is in Hong Kong on a highly secretive visit. Diana Lin reports:

[Begin Lin recording] A high-ranking member of the Communist Party Politburo, Mr Wang Zhen, flew into Hong Kong this morning on board a flight from San Francisco and Honolulu. Mr Wang was met at Kai Tak by a top Hong Kong Government official from the Secretariat.

Mr Wang is now staying here in this sprawling green villa on the Peak belonging to the Chinese Government. The villa is now swarming with NEW CHINA NEWS AGENCY officials and Special Branch officers, some of whom had escorted the 77-year-old leader from the airport. His visit was kept so much under wraps that even the welcoming party was sent on a wild goose chase to the airport yesterday.

Mr Wang, who served as China's vice premier in the late 70's, told us that he is here to rest. It's known that he had gone to the United States for health reasons and he plans to return to Beijing next Tuesday. Although Mr Wang refused our request for an interview, a steady stream of visitors called at the villa today. He will also be meeting NCNA chief Xu Jiatun, whose staff is believed to be arranging for Mr Wang to visit Ocean Park and a factory in Taipo. Mr Wang is currently also president of China's Central Party School and adviser to its Central Commission for Guiding Party Consolidation.

The Hong Kong Government said there is no plan for its officials to meet Mr Wang because he has specifically requested that his visit be kept private. [end recording]

MING PAO: PRC RAILWAY SECURITY FAILS TO IMPROVE

HK180920 Hong Kong MING PAO in Chinese 18 Apr 85 p 5

["Special Dispatch From Beijing": "No Turn for Better in Public Order on Railways; Serious Cases Hard To Crack"]

[Text] Law and order on railway lines in all parts of China has not been radically improved. Serious criminal cases, such as looting freight trains, stealing railway equipment, jeopardizing the safety of railway traffic, and even explosions and robberies, have occurred frequently on railways in some areas, but the authorities concerned have failed to promptly crack most of these criminal cases.

Last October CPC General Secretary Hu Yaobang gave instructions to concerned authorities on restoring law and order on railway lines. So far only a small number of provinces and autonomous regions, such as Nei Monggol, Guangdong, and Guangxi, have achieved satisfactory results in improving public order on railways.

In order to further implement Hu Yaobang's instructions, the Ministry of Railways and the Ministry of Public Security on 22 March held a joint telephone conference in Beijing. Shi Xiyu, vice minister of railways, and Yu Lei, vice minister of public security, gave speeches at the meeting.

The meeting reviewed the situation since the railway and public security departments began to implement Hu Yaobang's instructions, and affirmed the achievements in the work of maintaining law and order on railways. Public order along trunk lines, at major railway stations, and on passenger trains has been improved. In particular, no major accidents occurred during the period of the Spring Festival. However, law and order on railway lines in general has not been radically improved, and problems remain unsettled in many links.

The meeting required railway security organs to cooperate closely with local public security organs in fighting against crime. They should learn from the advanced experiences of other units, take effective measures in light of their own conditions, arouse the initiative of all parties concerned, and maintain law and order in all links of the railway system.

The meeting stressed that restoring and improving law and order on railway lines and in railway stations constitute an important component part of our national efforts to crack down severely on criminal activities. Therefore, railway security organs and local public security organs should join hands in dealing with serious railway crimes. Efforts should be concentrated to crack down on major criminals who jeopardize railway safety, take the lead in looting materials and goods transported by rail, and steal railway equipment. We must not let off any one of these evildoers and must severely punish them. Local public security organs should take part in the handling of major cases, such as explosions, robberies, and theft, and should help railway security organs promptly crack the cases.

PRC TO BUILD 4 NUCLEAR POWER PLANTS IN 5 YEARS

HK181136 Hong Kong HSIN WAN PAO in Chinese 18 Apr 85 p 4

["Special Dispatch": "China Buys Nuclear Plant Equipment To Build Four Nuclear Power Plants in 5 Years"]

[Text] Beijing, 18 Apr (HSIN WAN PAO) -- Li Peng, vice premier of the State Council, recently declared that China was going to buy some nuclear power equipment from foreign countries in the form of economic and technological cooperation in order to meet China's short-term demand for energy.

"Special Issue on the Nuclear Industry" [He Gong Ye Zhuang Hao 2702 1562 2814 1413 5714], a large-sized picture album comprehensively covering China's nuclear technology development, is to be published soon. On invitation, Li Peng has written an article for the book to elaborate China's policy on nuclear technology.

Li Peng held that China must do its best to catch up with the world in development of nuclear power technology as quickly as possible, since China started its efforts in the field later than others. However, given the actual economic conditions in China, the country cannot start many projects all at once. According to a tentative plan, four large and medium nuclear power plants are to be built around 1990 and the installed nuclear power capacity is to reach 10 million kilowatts by the end of the century.

In mentioning the four nuclear power plants, Li Peng probably meant the Zhejiang Qinshan nuclear power plant and the Guangdong nuclear power plant, which are currently under construction, and the Liaoning nuclear power plant and the Jiangsu nuclear power plant, which are going to be built. It was said that the provinces of Jiangxi, Sichuan, and Shandong are most likely to build nuclear power plants.

Li Peng is a member of the State Council in charge of energy affairs and the director of the nuclear power leading group of the State Council. He also disclosed that China was now negotiating with the governments or enterprises of France, West Germany, Japan, and the United States and was going to buy selected equipment after comparison.

He pointed out: While importing foreign equipment, China will introduce manufacturing technology through cooperation in production to increase the variety of China-made nuclear power equipment. Therefore, when selecting and purchasing foreign equipment, China will view the suppliers' willingness to export technology as an important factor.

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CHEN JIE ON ENCOURAGING FOREIGN INVESTMENT

HK180435 Hong Kong SOUTH CHINA MORNING POST in English 18 Apr 85 Business News
Supplement p 1

[From Suzanne Sim in Canton]

[Text] China will continue to make its investment environment congenial for foreigners by regularly assessing and changing its laws and regulations, according to Mr Chen Jie, vice minister of foreign economic relations and trade. Mr Chen told Business News China will adopt the best capitalist ideas and adapt them to its socialist principles to help economic growth. He said that way the best of both ideologies will be exploited.

Mr Chen said China is fully aware that its rules and regulations are not always comprehensive, infallible or foolproof. "There will always be inadequacies and loopholes which people will try to exploit or abuse," he said. But, he said, in pursuing its aim of creating a good investment environment, China will change, amend or promulgate new rules, whenever necessary, to protect foreign investment and give investors more confidence to invest in China. However, he stressed that the tightening of rules or regulations will not imply a change in the country's open-door policy. "We will not go back again," he said. Although foreign investment in China has reached about US\$4 billion, he said that is not enough.

To boost foreign investment, he said complicated procedures will be simplified. He said China is considering allowing foreign investors to remit a larger portion of their profits, adding such problems will have to be resolved to make China a more attractive place to invest than other Asian countries. Mr Chen did not rule out the possibility that the newly-announced foreign exchange regulations may be circumvented in the long run. "We will have to monitor and assess the situation as we go along and make constructive changes, he said. He said the exchange controls are aimed at reducing China's trade deficit, which he estimated around US\$1 billion. He stressed the deficit had to be corrected by preventing state corporations and enterprises from spending foreign exchange unnecessarily.

On trade policy, Mr Chen said a centralised policy will be maintained, but state corporations will gradually be given greater autonomy in business negotiations and trading practices. He said the country's conservative and inflexible production policies are being changed to raise productivity. Mr Chen said at least 20 percent of the products now have to be new, with the result that every five years all production units will have a new range of goods.

Asked about growing fears that the Canton Trade Fair may lose importance because of the increasing number of mini-fairs held in the provinces, Mr Chen said they have some effect, but not much.

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